

ASSIGNMENT OF LICENSE LEASE BY LICENSEE AND CONSENT OF LICENSOR

Date May 1, 1992

The Parties to this Agreement are:

Lowland Farms, Inc.
"Licensor"

Keno Rock Products, Inc.
"Licensee"

and UNITED STATES NATIONAL BANK OF OREGON, "Bank"
Southern Oregon Commercial Banking Center Branch
100 Main Street E., Suite B
P.O. Box 729
Medford, OR 97501

Licensor & George W. and Elaine B. Selles have entered into a License Agreement dated January 1, 1991 (Licensee) by agreement dated April 21, 1992, the Licensee's interest has been assigned to Licensee, a true copy of the License is attached to this Agreement. The License covers the real property described as follows: (Insert legal description)
"See attached Exhibit A"

(the "Property"). This assignment is executed and delivered to Bank as collateral security for a loan or line of credit made to Licensee or to a person affiliated with Licensee ("Loan") by Bank contemporaneously herewith, and any extensions or renewals thereof and also as security for all other indebtedness of Licensee to Bank now existing or hereafter arising. Licensor and Licensee acknowledge that the Loan will benefit both Licensor and Licensee, and that Bank would not make the Loan if it did not receive this Agreement.

1. **Assignment of Lease.** In consideration of the Loan, and for other valuable consideration the receipt of which is hereby acknowledged, Licensee assigns to Bank all of Licensee's right, title and interest in the License, as partial security for the Loan. The parties intend that this assignment will be a present transfer to Bank of all of Licensee's rights under the License, subject to Licensee's rights to use the Property and enjoy the benefits of the License while not in default on the Loan or License. In the event the Bank expends any funds or incurs any liability under this Agreement, such amount or liability shall also be secured by this assignment.

2. **Bank Liability.** The Bank, neither by acceptance of this Agreement nor exercise of any rights hereunder, assumes any responsibility or liability whatsoever for the performance of any of the obligations of Licensee under the License. Licensee shall continue to perform all obligations imposed upon it as Licensee under the License and the Bank shall be under no duty or liability for such performance. Licensee will hold Bank harmless from any and all claims that may arise as a result of Licensee's failure to comply with any obligations imposed upon Licensee under the License.

3. **Licensor's Consent.** Licensor consents to the assignment of the License by Licensee to Bank.

4. **Notice.** Licensor will send the Bank written notice setting forth any default or prospective default of Licensee under the License.

5. **Curing Default.**

5.1 If the default is in the payment of rent, the Bank shall have 30 days from the receipt of the notice to bring the rental payments current and may thereafter pay rent as it becomes due, and so long as it does so Licensor shall not terminate the License or accelerate payments due under the License.

5.2 If the default is for the breach of any other covenant and is curable or preventable by the Bank, the Bank shall have 60 days after receipt of notice within which to (a) prevent or cure the default set forth in the notice, if preventable or curable within such period, or (b) commence and thereafter continue with diligence to prevent or cure said default, if not preventable or curable within such period. So long as the Bank caused the License covenants to be performed, Licensor shall not terminate the License or accelerate payments due under the License.

5.3 Licensor agrees not to exercise any right it may have to terminate the License or accelerate payments due under the License by reason of the Licensee's failure to perform, or by reason of any private bankruptcy or insolvency of the Licensee, or for any other or judicial sale of the leasehold interest by the Bank, or for any other reason which cannot be cured by the Bank so long as the Bank caused all payments required to be made by Licensee.

6. **Possession, Foreclosure and Transfer.** Licensee agrees that in the event of default by Licensee under the License, Loan or any note or agreement with the Bank, the Bank may, in its sole discretion, exercise any of the following rights, without notice to Licensee:

6.1 Take possession of the Property.

6.2 Foreclose Licensee's interest in the License and Property as permitted by law.

6.3 Reassign, sell and/or sublet Licensee's interest in the License and/or the Property subject to written approval of Licensor. Licensor agrees not to unreasonably withhold its consent.

6.4 Exercise such other rights as it may be entitled to under law or otherwise.

Licensor agrees that Bank may exercise any of the rights contained herein against Licensee provided the Bank cures Licensee's defaults under the License as permitted by paragraph 5.

7. **Licensor's Release and Waiver.** Licensor agrees that any personal property or fixture including but not limited to the equipment used in performing under the License

(the "Collateral") currently or hereafter located on the Property, in which Bank has a security interest, is severable and may be removed without further consent from Licensor in the event Licensee defaults under the Loan or the License. Licensor waives and releases to Bank all of its right, title and interest in the Collateral. Licensor authorizes Bank to enter upon the Property and remove any Collateral. In the event the Property is physically damaged by such removal, Bank will either repair the damage or reimburse Licensor for the reasonable cost to effect any necessary repairs, but Bank will not be liable for any reduction in value of the Property solely attributable to removal of the Collateral.

8. **General Provisions.**

8.1 This Agreement shall bind the successors, assigns and heirs of the Parties.

8.2 Licensor and Licensee shall not terminate, amend, or modify the License without written consent of the Bank except as provided in this Agreement.

9. **Special Provisions.**

10. **Signatures and Agreement.** The parties agree to the terms of this Agreement as of the date first above written. Bank may assign its rights hereunder to others, including any governmental entity guaranteeing the loan or a part thereof.

LICENSOR:

Lowland Farms, Inc.

Donna K. McIntosh President

LICENSEE:

Keno Rock Products, Inc.

George W. Selles Pres.

Elaine B. Selles Sec.

BANK:

UNITED STATES NATIONAL BANK OF OREGON

By:

[Signature] Asst. Vice Pres.

Title:

LICENSEES FORM OF ACKNOWLEDGMENT

CORPORATE ACKNOWLEDGMENT

STATE OF OREGON

County of Klamath } ss. May 8, 1992

Personally appeared Eatherly O'Neil, and Pete O'Neil, who, being sworn, stated that he, the said President is a officer and he, the said officer is a officer of Klamath Prairie, Inc. and that the seal affixed hereto is its seal and that this instrument was voluntarily signed and sealed on behalf of the corporation by Authority of its Board of Directors.

Before me:

Barbara L. Roufs
Notary Public for Oregon
My commission expires: 11/2/95



OFFICIAL SEAL
BARBARA L. ROUFS
NOTARY PUBLIC-OREGON
COMMISSION NO. 010768
MY COMMISSION EXPIRES NOV. 12, 1995

LICENSORS FORM OF ACKNOWLEDGMENT

CORPORATE ACKNOWLEDGMENT

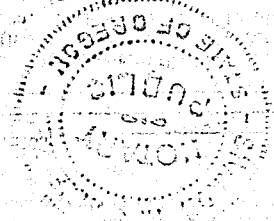
STATE OF OREGON

County of Jackson } ss. June 9, 1992

Personally appeared Dan K. McIntosh, M.D., and who, being sworn, stated that he, the said President is a officer and he, the said officer is a officer of Lowland Farms, Inc. and that the seal affixed hereto is its seal and that this instrument was voluntarily signed and sealed on behalf of the corporation by Authority of its Board of Directors.

Before me:

Sharon N. Shiff
Notary Public for Oregon
My commission expires: 10-9-92



BANK ACKNOWLEDGMENT

STATE OF OREGON

County of _____

ss. _____, 19____

Personally appeared _____, who being sworn, states that he/she is a(n) _____ of United States National Bank of Oregon, and acknowledged that this instrument was voluntarily signed on behalf of the association by authority of its Board of Directors.

Before me:

Notary Public for Oregon
My commission expires: _____

IMPORTANT INFORMATION CONCERNING USE OF THIS FORM. The underlying license or memorandum thereof must be recorded. Use an accurate legal description of the real property in the space provided. Make sure the signatures are notarized and record this assignment in the real property records. Prepare and file a UCC-1 Financing Statement describing the assignment. Type, on the UCC-1, "Assignment to United States National Bank of Oregon of a real property license dated _____ between _____ as licensor and _____ as licensee." Refer to your Loan Manual for additional information.

AFTER RECORDING, RETURN TO:

United States National Bank of Oregon
Southern Oregon Commercial Banking Center
100 Main Street E., Suite B/P.O. Box 729
Medford, OR 97501

THIS SPACE FOR RECORDER USE

This Addendum "A" refers to Assignment of License Lease by Licensee and Consent of Licenser signed by Keno Rock Products, Inc. and Lowland Farms, Inc. dated May 1, 1992.

All those portion of lots 7, 8, 9, 12 and 13 in Section 32, Township 39 South, Range 8 East of the Willamette Meridian and of the NW 1/4 NE 1/4 of Section 5, Township 40 South, Range 8 East of the Willamette Meridian which are southeasterly of the strip of land sold to Weyerhaeuser Timber Company by deed dated April 28, 1928, recorded June 19, 1928 in Deed Book 80 at Page 539, Records of Klamath County, Oregon, as corrected by deed to same grantee dated January 2, 1929, recorded January 3, 1929 in Deed Book 85 at page 104.

Lots 1, 2, 3, 5, 6, 7 and 8, the N 1/2 NW 1/4, and SW 1/4 NE 1/4 of Section 4, Township 40 South, Range 8 East of the Willamette Meridian, SAVING AND EXCEPTING THEREFROM that portion thereof lying northerly and easterly of the center line of the Keno Irrigation Drainage Canal as described in the deed from F. E. Kerns, et ux, to John V. Lilly and Edna B. Lilly, husband and wife, dated July 8, 1947, recorded July 8, 1947 in Deed Book 208 at page 327, and further SAVING AND EXCEPTING the SW 1/4 SE 1/4 of said Section 4, as conveyed to Claude S. Kerns, et ux, by deed recorded in Book 213 at page 169, Deed Records of Klamath County, Oregon.

All of Lots 1, 2, 3, 4, 5, 6, 7, 14, 15, 16, 17 of Section 5, Township 40 South, Range 8 East of the Willamette Meridian, and that portion of Lot 8 of Section 5, Township 40 South, Range 8 East of the Willamette Meridian, which lies Southeasterly of the said strip of land sold to said Weyerhaeuser Timber Company by said deed recorded in Deed Book 80 at page 539 as corrected by said deed recorded in Book 85 at page 104; SAVING AND EXCEPTING from said portion of Lot 8, that portion thereof conveyed to Edna B. Lilly, by deed dated November 16, 1951, recorded November 16, 1951 in Book 251 at page 111, Deed Records of Klamath County, Oregon.

ALSO EXCEPTING any portion of Lot 8 lying Westerly of Keno Irrigation Drain.

All of Lots 13 and 14 of Section 8, Township 40 South, Range 8 East of the Willamette Meridian.

All of Lots 4, 5 and 13, W 1/2 NE 1/4 NW 1/4, and Lot 12 lying West of the E 1/2 SE 1/4 NW 1/4 of Section 9, Township 40 South, Range 8 East of the Willamette Meridian.

PARCEL II:

That portion of Lots 2 and 7 of Section 4, Township 40 South, Range 8 East of the Willamette Meridian, which constitutes the SW 1/4 SE 1/4 of said Section 4 and Government Lot 4 of Section 4, Township 40 south, Range 8 East of the Willamette Meridian.

Ego

GRO.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of U.S. National Bank the 12th day of June A.D., 19 92 at 11:02 o'clock A M., and duly recorded in Vol. M92 of Mortgages on Page 12822.

FEE \$20.00

Evelyn Biehn County Clerk

By Dorinda M. Nielsen