

**ASSIGNMENT OF REAL PROPERTY LEASE BY TENANT  
AND CONSENT OF LANDLORD  
(Not For Farm Credits)**

For Security Purposes Only

Date May 20, 1991

The Parties to this Agreement are:

FARR ENTERPRISES, INC.JCM, INC.

"LANDLORD"

"TENANT"

and UNITED STATES NATIONAL BANK OF OREGON, "Bank"  
SOUTHERN OREGON COMMERCIAL BANKING CENTER Branch  
100 Main Street East, Suite B/P. O. Box 729  
Medford, Oregon 97501Landlord and Tenant have entered into a lease (the "Lease") dated April 11, 1991  
a true copy of which is attached to this Agreement. The Lease covers the real property described as follows: (Insert legal description) \_\_\_\_\_  
7355 South 6th Street  
Klamath Falls, OR 97603

(the "Property"). This assignment is executed and delivered to Bank as collateral security for a loan or line of credit made to Tenant or to a person affiliated with Tenant ("Loan") by Bank contemporaneously herewith, and any extensions or renewals thereof and also as security for all other indebtedness of Tenant to Bank now existing or hereafter arising. Landlord and Tenant acknowledge that the Loan will benefit both Landlord and Tenant, 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, Tenant assigns to Bank all of Tenant's right, title and interest in the Lease, as partial security for the Loan. The parties intend that this assignment will be a present transfer to Bank of all of Tenant's rights under the Lease, subject to Tenant's rights to use the Property and enjoy the benefits of the Lease while not in default on the Loan or Lease. 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 Tenant under the Lease. Tenant shall continue to perform all obligations imposed upon it as Tenant under the Lease and the Bank shall be under no duty or liability for such performance. Tenant will hold Bank harmless from any and all claims that may arise as a result of Tenant's failure to comply with any obligations imposed upon Tenant as lessee under the Lease.

3. **Landlord's Consent.** Landlord consents to the assignment of the Lease by Tenant to Bank.

4. **Notice.** Landlord will send the Bank written notice setting forth any default or prospective default of Tenant under the Lease.

**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 Landlord shall not terminate the Lease or accelerate payments due under the Lease.

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 causes the Lease covenants to be performed, Landlord shall not terminate the Lease or accelerate payments due under the Lease.

5.3 Landlord agrees not to exercise any right it may have to terminate the Lease or accelerate payments due under the Lease by reason of bankruptcy or insolvency of the Tenant, or by reason of any private 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 causes all curable covenants of the Lease to be kept, including all payments required to be made by Tenant.

6. **Possession, Foreclosure and Transfer.** Tenant agrees that in the event of default by Tenant under the Lease, 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 Tenant:

6.1 Take possession of the Property.

6.2 Foreclose Tenant's interest in the Lease and Property as permitted by law.

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

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

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

7. **Landlord's Release and Waiver.** Landlord agrees that any personal property or fixture including but not limited to \_\_\_\_\_  
All inventory and accounts

(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 Landlord in the event Tenant defaults under the Loan or the Lease.

Landlord waives and releases to Bank all of its right, title and interest in the Collateral. Landlord 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 Landlord 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 Landlord and Tenant shall not terminate, amend, or modify the Lease 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.

LANDLORD:

FARR ENTERPRISES, INC.BY: Arthur O. Gann President

TENANT:

JCM, INC.BY: James K. L. Mueller Pres.  
Charles L. Mueller Sec. Treas.

BANK:

UNITED STATES NATIONAL BANK OF OREGONBy: Lawrence R. White  
Title: Commercial Account Officer

19817

## TENANTS FORM OF ACKNOWLEDGMENT

## LANDLORDS FORM OF ACKNOWLEDGMENT

## INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON )  
 ) ss.  
 County of \_\_\_\_\_, 19, \_\_\_\_\_

Personally appeared \_\_\_\_\_  
 and acknowledged the foregoing instrument to be \_\_\_\_\_ voluntary  
 act.

Before me: \_\_\_\_\_  
 Notary Public for Oregon  
 My commission expires: \_\_\_\_\_

## CORPORATE ACKNOWLEDGMENT

STATE OF OREGON )  
 ) ss.  
 County of Klamath, May 31, 19, 91

Personally appeared JAMES R.L. MUELLER, and  
CARLA L. MUELLER who, being sworn,  
 stated that he, the said JAMES R.L. MUELLER is a  
President and she, the said  
CARLA L. MUELLER Secretary  
 of JCM, 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: Justin A. Redd  
 Notary Public for Oregon  
 My commission expires: 11/16/91

## PARTNERSHIP ACKNOWLEDGMENT

STATE OF OREGON )  
 ) ss.  
 County of \_\_\_\_\_, 19, \_\_\_\_\_

Personally appeared \_\_\_\_\_  
 who, being sworn, states that he executed the foregoing instrument  
 and is/are member \_\_\_\_\_ of the partnership of \_\_\_\_\_  
 and acknowledged that he executed said  
 instrument freely and voluntarily on behalf of said partnership.

Before me: \_\_\_\_\_  
 Notary Public for Oregon  
 My commission expires: \_\_\_\_\_

## BANK ACKNOWLEDGMENT

STATE OF OREGON )  
 ) ss.  
 County of Jackson, June 4, 19, 91

Personally appeared Lawrence R. Wells, who being sworn, states that he/she is  
 a(n) Commercial Account Officer 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: Becky Melay  
 Notary Public for Oregon  
 My commission expires: 1/23/94

**IMPORTANT INFORMATION CONCERNING USE OF THIS FORM.** The underlying lease or memorandum thereof must be recorded. Use an ac-  
 curate 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 lease dated \_\_\_\_\_ between \_\_\_\_\_  
 as landlord and \_\_\_\_\_ as tenant." Refer to your Loan Manual for additional information.

## AFTER RECORDING. RETURN TO:

## THIS SPACE FOR RECORDER USE

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of U. S. Bank the 10th day  
 of Aug. A.D., 19 93 at 11:12 o'clock AM., and duly recorded in Vol. M93  
 of Mortgages on Page 19816

FEE \$15.00

Evelyn Biehn County Clerk  
 By Pauline J. Hunsicker