

RECORDATION REQUESTED BY:

UNITED STATES NATIONAL BANK OF OREGON
555 S. W. Oak
PL-7 Corporate Loan Servicing
Portland, OR 97204

WHEN RECORDED MAIL TO:

UNITED STATES NATIONAL BANK OF OREGON
555 S. W. Oak
PL-7 Corporate Loan Servicing
Portland, OR 97204

443

434-0463349

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

LANDLORD'S CONSENT

THIS LANDLORD'S CONSENT is entered into among Ballin's Tower Drug & Gifts, Inc. ("Borrower"), whose address is 1791 Washburn Way, Klamath Falls, OR 97603; UNITED STATES NATIONAL BANK OF OREGON ("Lender"), whose address is 555 S. W. Oak, PL-7 Corporate Loan Servicing, Portland, OR 97204; and Billy J. Skillington and Melvin L. Stewart ("Landlord"), whose address is 2506 Western, Klamath Falls, OR 97603. Borrower and Lender have entered into, or are about to enter into, an agreement whereby Lender has acquired or will acquire a security interest or other interest in the Collateral. Some or all of the Collateral may be affixed or otherwise become located on the Premises. To induce Lender to extend the Loan to Borrower against such security interest in the Collateral and for other valuable consideration, Landlord hereby agrees with Lender and Borrower as follows.

DEFINITIONS. The following words shall have the following meanings when used in this Agreement. Terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

Agreement. The word "Agreement" means this Landlord's Consent, as this Landlord's Consent may be amended or modified from time to time, together with all exhibits and schedules attached to this Landlord's Consent from time to time.

Borrower. The word "Borrower" means Ballin's Tower Drug & Gifts, Inc..

Collateral. The word "Collateral" means certain of Borrower's personal property in which Lender has acquired or will acquire a security interest, including without limitation the following specific property:

1992 Nissan UT, VIN # JN8HDT1Y9H1V004596

All Inventory, Chattel Paper, Accounts, Contract Rights, Equipment, General Intangibles and Fixtures, including but not limited to All machinery, furniture, and titled motor vehicles, now owned, and hereafter acquired.

Landlord. The word "Landlord" means Billy J. Skillington and Melvin L. Stewart. The term "Landlord" is used for convenience purposes only. Landlord's interest in the Premises may be that of a fee owner, lessor, sublessor or lienholder, or that of any other holder of an interest in the Premises which may be, or may become, prior to the interest of Lender.

Lease. The word "Lease" means that certain lease of the Premises, dated March 31, 1992, between Landlord and Borrower.

Lender. The word "Lender" means UNITED STATES NATIONAL BANK OF OREGON, its successors and assigns.

Loan. The word "Loan" means the loan, or any other financial accommodations, Lender has made or is making to Borrower.

Premises. The word "Premises" means the real property located in Klamath County, State of Oregon, commonly known as 1791 Washburn, Klamath Falls, OR 97603, and legally described as:

See Exhibit A: Real Property Description.

DISCLAIMER OF INTEREST. Landlord hereby consents to Lender's security interest (or other interest) in the Collateral and disclaims all interests, liens and claims which Landlord now has or may hereafter acquire in the Collateral. Landlord agrees that any lien or claim it may now have or may hereafter have in the Collateral will be subject at all times to Lender's security interest (or other present or future interest) in the Collateral and will be subject to the rights granted by Landlord to Lender in this Agreement.

ENTRY ONTO PREMISES. Landlord and Borrower grant to Lender the right to enter upon the Premises for the purpose of removing the Collateral from the Premises or conducting sales of the Collateral on the Premises. The rights granted to Lender in this Agreement will continue until a reasonable time after Lender receives notice in writing from Landlord that Borrower no longer is in lawful possession of the Premises. If Lender enters onto the Premises and removes the Collateral, Lender agrees with Landlord not to remove any Collateral in such a way that the Premises are damaged, without either repairing any such damage or reimbursing Landlord for the cost of repair.

EXHIBIT A: REAL PROPERTY DESCRIPTION. An exhibit, titled "EXHIBIT A: REAL PROPERTY DESCRIPTION," is attached to this Agreement and by this reference is made a part of this Agreement just as if all the provisions, terms and conditions of the Exhibit had been fully set forth in this Agreement.

MISCELLANEOUS PROVISIONS. This Agreement shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Agreement. The covenants of Borrower and Landlord respecting subordination of the claim or claims of Landlord in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any claim or claims to which this Agreement shall apply. Lender need not accept this Agreement in writing or otherwise to make it effective. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. If Landlord is other than an individual, any agent or other person executing this Agreement on behalf of Landlord represents and warrants to Lender that he or she has full power and authority to execute this Agreement on Landlord's behalf. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is in writing and signed by Lender. Without notice to Landlord and without affecting the validity of this Consent, Lender may do or not do anything it deems appropriate or necessary with respect to the Loan, any obligors on the Loan, or any Collateral for the Loan; including without limitation extending, renewing, rearranging, or accelerating any of the Loan indebtedness. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not constitute a waiver of or prejudice Lender's right otherwise to demand strict compliance with that provision or any other provision. Whenever consent by Lender is required in this Agreement, the granting of such consent by Lender in any one instance shall not constitute continuing consent to subsequent instances where such consent is required.

BORROWER AND LANDLORD ACKNOWLEDGE HAVING READ ALL THE PROVISIONS OF THIS LANDLORD'S CONSENT, AND BORROWER AND LANDLORD AGREE TO ITS TERMS. THIS AGREEMENT IS DATED OCTOBER 31, 1994.

BORROWER:

Ballin's Tower Drug & Gifts, Inc.

By:

(Authorized Signer)

(Title)

LANDLORD:

Billy J. Skillington and Melvin L. Stewart

Billy J. Skillington
Landlord's Signature

LENDER:

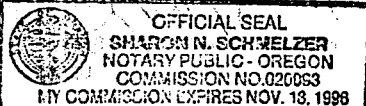
UNITED STATES NATIONAL BANK OF OREGON

By:

Don Wells
Authorized Officer

LENDER ACKNOWLEDGMENT

STATE OF Oregon)
COUNTY OF Jackson) SS

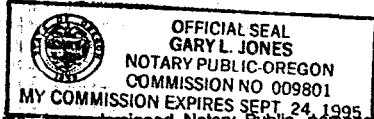


On this 2nd day of November, 1994, before me, the undersigned Notary Public, personally appeared Lawrence R. Swells and known to me to be the Commercial Account Officer, authorized agent for the Lender, that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By Sharon N. Schmelzer Residing at Medford
Notary Public in and for the State of Oregon My commission expires 11-18-96

CORPORATE ACKNOWLEDGMENT

STATE OF Oregon)
COUNTY OF Klamath) SS

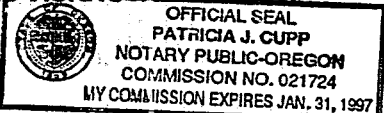


On this 3rd day of October, 1994, before me, the undersigned Notary Public, personally appeared (Authorized Signer) [Signature] (Title) of Brill's Tower Drug & Gls, Inc., and known to me to be an authorized agent of the corporation that executed the Landlord's Consent and acknowledged the Agreement to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Agreement and that the seal affixed is the corporate seal of the corporation.

By [Signature] Residing at 3220 S 6th Rd, Medford, OR 97503
Notary Public in and for the State of Oregon My commission expires 9-24-95

LANDLORD ACKNOWLEDGMENT

STATE OF OREGON)
COUNTY OF Klamath) SS



On this day before me, the undersigned Notary Public, personally appeared Billy J. Skillington and Melvin L. Stewart, to me known to be the individual described in and who executed the Landlord's Consent, and acknowledged that he or she signed the Agreement as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 31st day of October, 1994.
By Patricia J. Cupp Residing at 24335 Madoc Point Rd, Chiloquin, Oregon
Notary Public in and for the State of Oregon My commission expires 1-31-97

LASER PRO, Reg. U.S. Pat. & T.M. Off., Ver. 3.17 (c) 1994 CFI ProServices, Inc. All rights reserved. [OR-E45 0463349.LN C1.OVL]

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LANDLORD'S CONSENT

[Faint, mostly illegible text at the bottom of the page, likely a second impression or bleed-through from the reverse side.]

This Exhibit A references that certain Landlord's Consent among Balin's Tower Drug & Gifts, Inc. (lessee), Billy J. Skillington and Melvin L. Stewart (lessors), and United States National Bank of Oregon (lender) dated October 31, 1994.

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Exhibit A

REAL PROPERTY DESCRIPTION

PARCEL 1:

A portion of Tract 43, ENTERPRISE TRACTS, Klamath County Oregon, more particularly described as follows: Beginning at a point on the West line of Tract 43, Enterprise Tracts in Klamath County, Oregon, which point is, South 0°00' East 362.75 feet; and thence North 89°54' East, 30 feet from the section corner common to Sections 33 and 34, Township 38 South, Range 9 East of the Willamette Meridian; and Sections 3 and 4, Township 39 South, Range 9 East of the Willamette Meridian; thence North 89°54' East a distance of 250.0 feet; thence North 0°00' West a distance of 125.0 feet; thence South 89°54' West a distance of 250.0 feet to the West line of said Tract 43; thence South 0°00' East, along said West line, a distance of 125.0 feet to the point of beginning.

PARCEL 2:

A tract of land situated in Tract 43, Enterprise Tracts, in the NW¼NW¼ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a point on the West line of said Tract 43, said point being South 0°00' East a distance of 362.75 feet and North 89°54' East a distance of 30.0 feet from the Northwest corner of said Section 3; thence South 0°00' East along the Westerly line of said Tract 43 a distance of 70.0 feet; thence North 89°54' East a distance of 250.0 feet; thence North 0°00' West a distance of 70.0 feet to an iron pin; thence South 89°54' West a distance of 250.0 feet, more or less, to the point of beginning.

PARCEL 3:

A tract of land situated in Tract 43, ENTERPRISE TRACTS, in the NW¼NW¼ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a point on the West line of said Tract 41, said point being South 0°00' East a distance of 432.75 feet and North 89°54' East a distance of 30.0 feet from the Northwest corner of said Section 3; thence South 0°00' East along the Westerly line of said Tract 43 a distance of 60.00 feet; thence North 89°54' East a distance of 250.0 feet thence North 0°00' West a distance of 60.0 feet; thence South 89°54' West a distance of 250.0 feet, more or less to the point of beginning.

ALSO a tract of land situated in Tract 43, ENTERPRISE TRACTS, in the NW¼NW¼ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a point on the West line of said Tract 43, said point being South 0°00' East a distance of 492.75 feet and North 89°54' East a distance of 30.0 feet from the Northwest corner of said Section 3; thence South 0°00' East along the Westerly line of said Tract 43 a distance of 70.0 feet to the Northeasterly line of Pershing Way; thence South 55°50' East along the Northeasterly line of Pershing Way a distance of 302.13 feet to an iron pin; thence North 0°00' West a distance of 240.09 feet; thence South 89°54' West a distance of 250.0 feet, more or less to the point of beginning.

initials

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This Exhibit A references that certain Landflord's Consent among Balin's Tower Drug & Gifts, Inc. (lessee), Billy J. Skillington and Melvin L. Stewart (lessors), and United States National Bank of Oregon (lender) dated October 31, 1994.

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Exhibit A

REAL PROPERTY DESCRIPTION CONT'D

SAVING AND EXCEPTING THEREFROM a portion described as follows:

Beginning at the Section corner common to Sections 33 and 34, Township 38 South, Range 9 E.W.M., and Sections 3 and 4, Township 39 South, Range 9, E.W.M., thence South $0^{\circ}00'30''$ East along the Section line 237.75 feet; thence North $89^{\circ}54'$ East 30 feet to the West line of Tract 43 of Enterprise Tracts, which is the East right-of-way line of Washburn Way, which is the true point of beginning; thence South $0^{\circ}00'30''$ East along the West line of Tract 43 of Enterprise Tracts 325.0 feet to the Northeasterly right-of-way of Pershing Way, thence South $55^{\circ}50'30''$ East along the Northeasterly right-of-way of Pershing Way 12.08 feet; thence North $0^{\circ}00'30''$ West parallel to the West line of Tract 43, 331.80 feet; thence South $89^{\circ}54'$ West 10 feet to the point of beginning.

ALSO, a tract of land situated in Tract 43, ENTERPRISE TRACTS, more particularly described as follows: Beginning at the section corner common to Sections 33 and 34, Township 38 S., Range 9 E.W.M., and Sections 3 and 4, Township 39 S., R. 9 E.W.M.; thence N. $89^{\circ}54'$ E 40 feet; thence S. $0^{\circ}00'30''$ E. 237.5 feet to the point of beginning; thence N. $89^{\circ}54'$ E. 240 feet; thence S. $0^{\circ}00'30''$ E. 50 feet; thence S. $89^{\circ}54'$ W. 240 feet; thence N. $0^{\circ}00'30''$ W. 50 feet; thence S. $89^{\circ}54'$ W. 240 feet; thence N. $0^{\circ}00'30''$ W. 50 feet to the point of beginning.

A portion of Tract 43 of Enterprise Tracts, in Klamath County, Oregon, described as follows:

Beginning at a point on the West boundary line of Tract 43, Enterprise Tracts, in Klamath County, Oregon, which point is S. $0^{\circ}00'41''$ E. 73 feet, and N. $89^{\circ}54'$ E. 30 feet from the section corner common to Sections 33 and 34, Township 38 S. R. 9 E.W.M., and Sections 3 and 4, Township 39 S., R. 9 E.W.M.; thence S. $0^{\circ}00'41''$ E. along the West line of said Tract 43, a distance of 289.75 feet; thence N. $89^{\circ}54'$ E. along a line parallel to Shasta Way, a distance of 250 feet; thence N. $0^{\circ}00'41''$ W 289.75 feet; thence S. $89^{\circ}54'$ W. 250 feet, more or less, to the point of beginning, being a portion of Tract 43, of Enterprise Tracts, containing 1.66 acres, more or less.

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initials

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of U.S. National Bank the 5th day
of Dec. A.D., 19 94 at 11:22 o'clock A.M. and duly recorded in Vol. M94
of Max pages on Page 36989

FEE \$25.00

Evelyn Biehn
By Debra M. Millard County Clerk