

Please return recorded document to:
Sandra L. Turnbull
J. C. Penney Co., Inc.
P.O. Box 10001
Dallas, Texas 75301-2102

Store # 4288
Klamath Falls, Oregon

51930

TERM AGREEMENT

AGREEMENT, dated as of September 30, 1997, by and between THE TRAVELERS INSURANCE COMPANY, a Connecticut corporation, having an address of c/o Ted Durant & Associates, Inc., P. O. Box 811, Lake Oswego, Oregon 97034 (hereinafter called "Landlord"), and J. C. PENNEY COMPANY, INC., a Delaware corporation, having a mailing address of P. O. Box 10001, Dallas, Texas 75301-2105 (hereinafter called "Tenant");

WITNESSETH:

WHEREAS, by Lease, dated as of May 20, 1997, between Landlord and Tenant, a Memorandum of which, dated as of May 20, 1997, was filed for record by the County Clerk of the County of Klamath, State of Oregon, on August 1, 1997, and duly recorded in Volume M97 of Deeds, at Page 25069, as Document No. 42592 (hereinafter the "Lease"), Landlord demised and leased unto Tenant, and Tenant leased from Landlord, for the consideration and upon the terms and conditions set forth in said Lease, the first floor storeroom having approximately 2,010 square feet of floor area in the Jefferson Square Mall Shopping Center, Klamath Falls, Oregon, for a term commencing ninety (90) days after the Effective Date (the "Commencement Date"), and continuing thereafter to and including the date five (5) years from the first day of the first month immediately following such Commencement Date, unless sooner terminated or extended as provided therein; and

WHEREAS, the Effective Date was May 20, 1997.

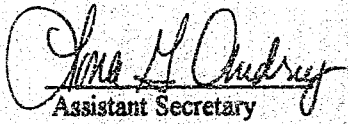
NOW, THEREFORE, the parties hereto agree as follows:

1. The term of said Lease commenced on August 19, 1997, and shall continue until August 31, 2002, unless sooner terminated or extended as provided therein.
2. The first "Lease Year" shall be considered to commence on August 19, 1997, and to expire on August 31, 1998.
3. The second "Lease Year" shall be considered to commence on September 1, 1998, and to expire on August 31, 1999, and all subsequent Lease Years shall begin and terminate on the same dates in subsequent years.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Agreement to be duly executed and sealed as of the day and year first above written.

ATTEST:

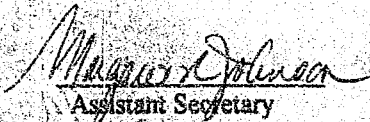
THE TRAVELERS INSURANCE
COMPANY


Assistant Secretary

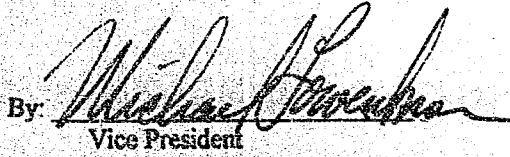
By: 
Vice President

ATTEST:

J. C. PENNEY COMPANY, INC.


Assistant Secretary



By: 
Vice President

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STATE OF)
)SS.:
COUNTY OF)

On this the _____ day of _____, 1997, before me a Notary Public, duly authorized in and for the said County and in the State aforesaid to take acknowledgments, personally appeared _____ to me known and known to me to be _____ of THE TRAVELERS INSURANCE COMPANY, one of the corporations described in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself as such officer and caused the corporate seal of said corporation to be affixed thereto, as his free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

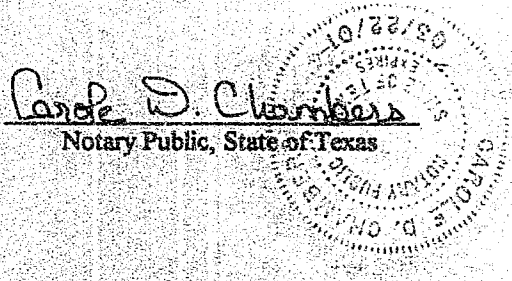
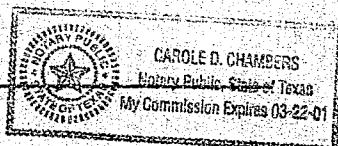
See attached
Notary Public

STATE OF TEXAS)
)SS.:
COUNTY OF COLLIN)

This instrument was acknowledged before me on the 17th day of November, 1997, by Michael Lowenkron, a Vice President of J. C. PENNEY COMPANY, INC., a Delaware corporation, on behalf of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:



STATE OF CALIFORNIA

COUNTY OF CONTRA COSTA

On Dec. 15, 1997 before me, Ranetta K. Friedman, Notary Public, personally appeared Guy R. McComb and Lona G. Andrey, personally known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.



Ranetta K. Friedman

EXHIBIT A

ENTIRE PREMISES

The tract of land which, with the improvements erected and to be erected thereon, constitutes the Entire Premises is situated in the City of Klamath Falls, County of Klamath, State of Oregon and is more particularly described as follows:

A parcel of land lying in the northwest quarter of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows:

Starting at the Northwest corner of said Section 3; thence South 00° 00' 30" East along the Westerly boundary of Section 3 and the centerline of Washburn Way, 917.42 feet to the intersection with the present centerline of Sixth Street, formerly known as the Dalles-California Highway, recorded bearing South 55° 52' 30" East, at Engineers Station 9 + 17.42 feet on Washburn Way and Engineers Station 16 + 14.87 feet on Sixth Street present centerline, and continuing thence along said boundary and centerline 48.32 feet to Engineers Station 9 + 65.74 feet on South boundary of Sixth Street, which is distant 40 feet at right angles Southwesterly from centerline of Sixth Street at Engineers Station 16 + 41.99 feet; thence South 55° 52' 30" East parallel to said centerline 463.02 feet to the true point of beginning of this description; thence from said true beginning point continuing South 55° 52' 30" East parallel to said centerline 795.36 feet; thence at right angles South 34° 07' 30" West, 204.00 feet; thence South 55° 52' 30" East parallel to Sixth Street 145.00 feet; thence at right angles South 34° 07' 30" West, 183.80 feet, more or less, to Northerly right of way line of the Oregon, California and Eastern Railroad; thence North 66° 57' 30" West along said line 982.45 feet, more or less, to a point on the Easterly right of way line of Washburn Way which is 40.00 feet Easterly of said centerline; thence North 00° 00' 30" West along said right of way line 503.39 feet; thence South 55° 52' 30" East, 306.22 feet; thence North 34° 07' 30" East, 160.00 feet to the true point of beginning.

Attached to and forming part of Term Agreement, dated as of September 30, 1997, by and between THE TRAVELERS INSURANCE COMPANY, as Landlord, and J. C. PENNEY COMPANY, INC., as Tenant, covering premises in Jefferson Square Mall Shopping Center in Klamath Falls, Oregon.

Initialed for identification for Landlord:

By [Signature]

Initialed for identification for Tenant:

By [Signature]
Attorney

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of J.C. Pennay Co. the 21st day of January A.D., 19 98 at 2:18 o'clock P. M., and duly recorded in Vol. M98 of Deeds on Page 1931

FEE \$45.00

By [Signature] Berntha G. Letch, County Clerk