

**RECORDATION REQUESTED BY:**

Washington Mutual Bank doing business as Western Bank  
421 South 7th Street  
P.O. Box 669  
Klamath Falls, OR 97601-0322

Vol M99 Page 35010**WHEN RECORDED MAIL TO:**

Washington Mutual Bank doing business as Western Bank  
421 South 7th Street  
P.O. Box 669  
Klamath Falls, OR 97601-0322

**SEND TAX NOTICES TO:**

Washington Mutual Bank doing business as Western Bank  
421 South 7th Street  
P.O. Box 669  
Klamath Falls, OR 97601-0322

1999 AUG 30 PM 3:54

MTC 48879

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

**LANDLORD'S CONSENT**

THIS LANDLORD'S CONSENT is entered into among Robert E. Quackenbush and Sharron E. Quackenbush ("Borrower"), whose address is 2117 South Sixth Street, Klamath Falls, OR 97601; Washington Mutual Bank doing business as Western Bank ("Lender"), whose address is 421 South 7th Street, P.O. Box 669, Klamath Falls, OR 97601-0322; and John & Catherine Gretlein ("Landlord"), whose address is 1001 Burr Oaks Drive, West Des Moines, IA, 50266. 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 Robert E. Quackenbush and Sharron E. Quackenbush.

**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:

**All Accounts, General Intangibles, Inventory, Equipment and Fixtures**

**Landlord.** The word "Landlord" means John & Catherine Gretlein. 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 May 28, 1999, between Landlord and Borrower.

**Lender.** The word "Lender" means Washington Mutual Bank doing business as Western Bank, 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 2615 Campus Drive, Klamath Falls, OR 97601, and legally described as:

See Exhibit "B" attached hereto and by this reference incorporated herein.

**BORROWER'S ASSIGNMENT OF LEASE.** Borrower hereby assigns to Lender all of Borrower's rights in the Lease, as partial security for the Loan. The parties intend that this assignment will be a present transfer to Lender of all of Borrower's rights under the Lease, subject to Borrower's rights to use the Premises and enjoy the benefits of the Lease while not in default on the Loan or Lease. Upon full performance by Borrower under the Loan, this assignment shall be ended, without the necessity of any further action by any of the parties. This assignment includes all renewals of and amendments to the Lease or the Loan, until the Loan is paid in full. No amendments may be made to the Lease without Lender's prior written consent, which shall not be unreasonably withheld or delayed.

**CONSENT OF LANDLORD.** Landlord consents to the above assignment. If Borrower defaults under the Loan or the Lease, Lender may reassign the Lease, and Landlord agrees that Landlord's consent to any such reassignment will not be unreasonably withheld or delayed. So long as Lender has not entered the Premises for the purpose of operating a business, Lender will have no liability under the Lease, including without limitation liability for rent. Whether or not Lender enters into possession of the Premises for any purpose, Borrower will remain fully liable for all obligations of Borrower as lessee under the Lease. While Lender is in possession of the Premises, Lender will cause all payments due under the Lease and attributable to that period of time to be made to Landlord. If Lender later reassigns the Lease or vacates the Premises, Lender will have no further obligation to Landlord.

**LEASE DEFAULTS.** Both Borrower and Landlord agree and represent to Lender that, to the best of their knowledge, there is no breach or offset existing under the Lease or under any other agreement between Borrower and Landlord. Landlord agrees not to terminate the Lease, despite any default by Borrower, without giving Lender written notice of the default and an opportunity to cure the default within a period of sixty (60) days from the receipt of the notice. If the default is one that cannot reasonably be cured by Lender (such as insolvency, bankruptcy, or other judicial proceedings against Borrower), then Landlord will not terminate the Lease so long as Landlord receives all sums due under the Lease for the period during which Lender is in possession of the Premises, or so long as Lender reassigns the Lease to a new lessee reasonably satisfactory to Landlord.

**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.

**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:** Robert E. Quackenbush  
Sharon E. Quackenbush  
dba: Quackenbush Coffee  
Company  
2117 South Sixth Street  
Klamath Falls, OR 97601

**Lender:** Washington Mutual Bank doing  
business as Western Bank  
Klamath Falls Branch  
421 South 7th Street  
P.O. Box 669  
Klamath Falls, OR 97601-0322

This Exhibit "B" is attached to and by this reference is made a part of each Security Agreement, dated August 17, 1999, and executed in connection with a loan or other financial accommodations between Washington Mutual Bank doing business as Western Bank and Robert E. Quackenbush and Sharon E. Quackenbush.

Revised Equipment List - Equipment to be purchased

Two door cake freezer	2
Walk in freezer/cooler	2
Stainless steel work tables	2
3 Compartment sinks	4
Mop sinks	2
Shelving Nexel adjustable	20
Safe	2
Carts	2
Exterior Signage	2
Ice Cube Manitowac 320	2
Service counter and back bar	2
Stereo system/ceiling speakers	2
Ceiling Fans w/lights	8
Water drinking fountains	2
Interior planters	2
Microwave oven	2
Under counter refrigerator	2
Taylor 784 soft ice cream	8
Dipping cabinets 16 bin DD88	2
Glycol pak alradyne GP3	2
Glycol Manifold	2
Freezer shelving	2
Cone iron	1
Fudge warmer	6
Scales ap-6 Detcto	2
Shiver blender	3
Ice shaver SI-100	2
Smallwares	
Plexiglass cone holder	2
Misc Dispensers	
Menu boards interior	2
Furnishings	
Interior signs	2
Cash registers	4
Intercom system	2
Cake decorating equipment	
Outdoor furniture	
Plumbing for equipment	

Total equipment new  
Lease Improvements  
Total lease improvements/equipment  
Exhibit "B" Equipment (already owned)

THIS EXHIBIT "B" IS EXECUTED ON AUGUST 17, 1999.

**BORROWER:**

x Robert E. Quackenbush  
Robert E. Quackenbush

x Sharon E. Quackenbush  
Sharon E. Quackenbush

**LENDER:**

Washington Mutual Bank doing business as Western Bank

By: B. S. Lee  
Authorized Officer

EACH BORROWER AND LANDLORD ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS LANDLORD'S CONSENT, AND EACH BORROWER AND LANDLORD AGREES TO ITS TERMS. THIS AGREEMENT IS DATED AUGUST 17, 1999.  
BORROWER:

X Robert E. Quackenbush  
Robert E. Quackenbush

X Sharron E. Quackenbush  
Sharron E. Quackenbush

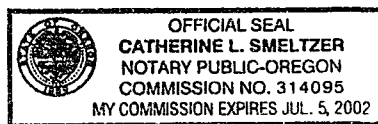
LANDLORD:  
John & Catherine Gretlein

LENDER:  
Washington Mutual Bank doing business as Western Bank

X John & Catherine Gretlein By: Bridgette Griffin-Smith  
Landlord's Signature Authorized Officer

LENDER ACKNOWLEDGMENT

STATE OF Oregon )  
COUNTY OF Klamath ) SS



On this 17th day of August, 1999, before me, the undersigned Notary Public, personally appeared Bridgette Griffin-Smith and known to me to be the Business Banking 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 Catherine L. Smeltzer Residing at Klamath Falls, OR  
Notary Public In and for the State of Oregon My commission expires July 5, 2002

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON )  
COUNTY OF KLAMATH ) SS



On this day before me, the undersigned Notary Public, personally appeared Robert E. Quackenbush and Sharron E. Quackenbush, to me known to be the individuals described in and who executed the Landlord's Consent, and acknowledged that they signed the Agreement as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 18th day of AUG, 1999.  
By Ann Cook Hampton Residing at Klamath Falls, OR  
Notary Public In and for the State of OREGON My commission expires 01-03-03

LANDLORD ACKNOWLEDGMENT

STATE OF Iowa )  
COUNTY OF Polk ) SS

On this day before me, the undersigned Notary Public, personally appeared John & Catherine Gretlein, 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 25 day of Aug, 1999.  
By Mike Hudson Residing at Des Moines  
Notary Public In and for the State of Iowa My commission expires 01/01/00