

UTC 87603-MS

2011-003187

Klamath County, Oregon

RECORDING REQUESTED BY
498201875 9001 / 9002 SA
Sterling Savings Bank,
3558 Round Barn Blvd, Ste 300
Santa Rosa, CA 95403



03/04/2011 11:42:08 AM

Fee: \$57.00

AND WHEN RECORDED MAIL TO:
Sterling Savings Bank,
3558 Round Barn Blvd, Ste 300
Santa Rosa, CA 95403

Space Above This Line for Recorder's Use

ASSIGNMENT OF LESSOR'S INTEREST IN LEASE

THIS ASSIGNMENT dated FEBRUARY 15, 2011 by NORTHSTATE PROPERTIES, LLC, AN OREGON LIMITED LIABILITY COMPANY ("Assignor") to STERLING SAVINGS BANK, doing business as SONOMA BANK ("Bank").

WITNESSETH: FOR VALUE RECEIVED, Assignor hereby grants and assigns to Bank all of Assignor's right, title and interest in the Lease or Leases described in Schedule A, which demises all or a portion of the premises located in KLAMATH County, State of OREGON, described as: SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF

TOGETHER WITH all extensions and renewals thereof and all guarantees of and security for Lessee's obligations. Said Lease or Leases, whether singly or collectively, and all extensions and renewals thereof, are hereinafter referred to as the "Lease".

FOR THE PURPOSE OF SECURING:

- 1) Payment of the indebtedness (including any extensions or renewals thereof) evidenced by that note in the principal sum of THREE HUNDRED SEVENTY SEVEN THOUSAND AND NO/100 Dollars (\$377,000) AND TWO HUNDRED NINETY ONE THOUSAND SEVEN HUNDRED NINETY FIVE AND NO/100 Dollars (\$291,795) made by NORTHSTATE PROPERTIES, LLC, AN OREGON LIMITED LIABILITY COMPANY dated FEBRUARY 15, 2011, payable to the order of Bank and secured by a certain deed of trust (hereinafter referred to as the "deed of trust") on real property.
- 2) Payment of all other sums with interest thereon becoming due and payable to Bank under the provisions hereof or under the provisions of said note or deed of trust.
- 3) Performance of each obligation to Bank herein and in said note or deed of trust contained.

A. TO PROTECT THE SECURITY OF THIS ASSIGNMENT ASSIGNOR AGREES:

- 1) To perform each obligation of the Lease by Lessor to be performed; at his sole cost and expense, to enforce or secure the performance of each obligation of the Lease by the Lessee to be performed; not to modify the Lease, nor accept surrender thereunder nor to terminate the term thereunder; not to anticipate the rents thereunder, nor to waive or release the Lessee thereunder of or from his obligations. Assignor assigns to Bank all Assignor's right and power to modify the terms of the lease to accept a surrender thereunder, to terminate the term thereunder, to anticipate the rents thereunder, and to waive or release the Lessee thereunder of or from his obligations, and any attempt on the part of Assignor to exercise any such rights without the prior written consent of Bank shall be a breach of the terms hereof.
- 2) At Assignor's sole cost to defend any action in any manner connected with the Lease or the obligations thereunder, and to pay all costs of Bank, including attorneys' fees in a reasonable sum, in any such action in which Bank may appear.
- 3) That should Assignor fail to do any act as herein provided, then Bank, but without obligation so to do and without notice to Assignor, and without releasing Assignor from any obligation hereof, may make or do the same in such manner and to such extent as Bank may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the defense of any action purporting to affect the security hereof or the rights or powers of Bank, and also the performance of each obligation of Assignor in the Lease contained; and, in exercising such powers, to employ attorneys and other agents. To pay necessary costs and reasonable

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attorney's fees. To give prompt notice to Bank of any default of any lessee and of any notice of default on the part of the Assignor with respect to the Lease received from the Lessee, together with an accurate and complete copy thereof.

4) To pay immediately to Bank upon demand all sums expended under the authority hereof, including reasonable attorneys' fees, together with interest thereon at eight (8%) percent per annum, and the same shall be added to the said indebtedness and shall be secured hereby and by said deed of trust.

5) And warrants to Bank that (a) Assignor has not executed any prior assignment of the Lease or the rentals to accrue thereunder; or performed any act or executed any instrument which might prevent Bank from operating under any of the terms and conditions hereof, or which would limit Bank in such operation; or accepted rent under the Lease for any period subsequent to the current period for which rent has already become due and payable; (b) there is no default now existing under the Lease, and (c) Assignor has not executed or granted any modification whatever of the Lease either orally or in writing, and that the Lease is in full force and effect according to the original terms and conditions thereof.

B. IT IS MUTUALLY AGREED THAT:

1) So long as there shall exist no default by Assignor in the payment of any indebtedness secured hereby or in the performance of any obligation, covenant or agreement herein or in said deed of trust or Lease contained, Assignor shall have the right to collect upon but not prior to accrual, all rents, issues and profits from said leased premises and to retain, use and enjoy the same.

2) Upon or at any time after default in the payment of any indebtedness secured hereby or in the performance of any obligation herein or in said deed of trust or Lease contained, Bank may declare all sums secured hereby immediately due and payable, and may, at its option, without notice either in person or by agent, with or without bringing any action, or by a receiver to be appointed by a court, enter, take possession of, manage and operate said demised premises or any part thereof; make, cancel, enforce or modify leases; obtain and evict tenants, and fix or modify rents, and do any acts which Bank deems proper to protect the security hereof, and either with or without taking possession of said property, in its own name sue for or otherwise collect and receive all rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Bank may determine. The entering and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or waive, modify or affect notice of default under said deed of trust or invalidate any act done pursuant to such notice.

3) Any default by Assignor in the performance of any obligation herein contained and the acceleration of the indebtedness secured hereby shall constitute a default under terms of said deed of trust entitling Bank to all rights and remedies therein contained, including specifically the right to declare a default thereunder and to elect to sell the property securing the same, or foreclosure said deed of trust as provided by law.

4) Bank shall not be obligated to perform nor does it hereby undertake to perform any obligation under the Lease or this assignment, and Assignor does hereby agree to indemnify against and hold Bank harmless from any liability, loss or damage under the Lease or this assignment and all claims which may be asserted against it by reason of any alleged obligation to perform any of the terms in the Lease; should Bank incur any such liability, loss or damage under the Lease or this assignment, or in the defense of any such claims, the amount thereof, including costs and reasonable attorney's fees, shall be secured hereby and by the said deed of trust, and Assignor shall reimburse Bank therefore immediately upon demand, and upon failure of Assignor so to do Bank may declare all sums secured hereby immediately due and payable.

5) Until all indebtedness secured hereby shall have been paid in full, Assignor agrees to keep leased at a good and sufficient rental all the premises described in the deed of trust and to assign to Bank any subsequent leases upon all or any part of such premises upon the terms and conditions herein contained, and to execute all instruments necessary therefore.

6) Upon the payment in full of all indebtedness secured hereby, this assignment shall be void and of no effect, but the affidavit of any officer of Bank showing any part of said indebtedness to remain unpaid shall be conclusive evidence of the validity, effectiveness and continuing force of this assignment, and any person may and is hereby authorized to rely thereon.

7) This assignment inures to the benefit of, and binds, all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Lease" as used herein means not only the Lease

hereby assigned or any extension or renewal thereof, but also any lease subsequently executed by Assignor covering the demised premises or any part thereof. In this assignment, whenever the context so requires, masculine gender includes feminine and neuter, and singular number includes plural, and conversely. All obligations of each Assignor hereunder are joint and several.

8) All notices hereunder shall be in writing and sent by certified mail addressed as follows:

TO THE ASSIGNOR at the address appearing with his signature.

TO BANK at 3558 Round Barn Blvd, Ste 300, Santa Rosa, CA 95403

ASSIGNOR: NORTHSTATE PROPERTIES, LLC, AN OREGON LIMITED LIABILITY COMPANY

By: John Crawford
JOHN CRAWFORD, PRESIDENT

2701 Hill Rd. Tulelake Ca 96134
Address

By: James Lyman
JAMES LYMAN, VICE PRESIDENT

19605 Okeefe Rd. Tulelake CA 96134
Address

By: James Bailey
JAMES BAILEY, SECRETARY

24444 Hill Rd Malin Oregon
Address 97632

By: Lori Bailey
LORI BAILEY, TREASURER

24444 Hill Rd Malin OR 97632
Address

State of Oregon }
County of }

On _____ before me _____
Notary Public, personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Oregon that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)



SCHEDULE A

of Assignment of Lessor's Interest in Lease from Assignor to Sterling Savings Bank, doing business as Sonoma Bank. The following described leases, which indicate the parties thereto as of the date hereof, are subject to this assignment:

LESSOR	LESSEE	DATE OF LEASE	STREET ADDRESS
NORTHSTATE PROPERTIES, LLC, AN OREGON LIMITED LIABILITY COMPANY	NORTHSTATE PACKAGING, INC., A CALIFORNIA CORPORATION		22325 STATELINE ROAD, MERRILL, OR 97633


NOTARY ACKNOWLEDGEMENT TO BE ATTACHED TO ASSIGNMENT OF LESSOR'S INTEREST IN LEASE

State of Oregon
County of Klamath

The foregoing instrument was acknowledged before me this 24th day of February, 2011 by John Crawford, President, James Lyman, Vice President, James Baley, Secretary, and by Lori Baley, Treasurer of NorthState Properties, LLC, an Oregon Limited Liability Company

WITNESS My hand and official seal.





Notary Public for Oregon
My Commission expires: 12-20-14



EXHIBIT "A"
LEGAL DESCRIPTION

Parcel 2 of Land Partition 27-10, situated in the W1/2 of Government Lot 14 and a portion of Government Lot 20 in the SW1/4 of Section 15, Township 41 south, Range 11 east of the Willamette Meridian, Klamath County Oregon. Recorded January 4, 2011 in 2011-000097, records of Klamath County, Oregon

Together with a 30 foot wide private access easement as delineated on the recorded plat of Land Partition 27-10.