

2012-013676

Klamath County, Oregon

12/10/2012 10:57:37 AM

Fee: \$62.00

When recorded, return to:

Jo-Ann Stores, Inc.
5555 Darrow Road
Hudson, OH 44236
Attn: Lisa Drew – Legal Dept.

This instrument was prepared by:

Gary R. Meador, Esq.
Jo-Ann Stores, Inc.
5555 Darrow Road
Hudson, OH 44236

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF LEASE

This Memorandum of Lease is made as of JANUARY 31, 2012, between **JO-ANN STORES INC.**, an Ohio corporation ("Tenant"), located at 5555 Darrow Road, Hudson, Ohio 44236 and **KLAMATH-JEFFERSON, LLC**, an Oregon limited liability company ("Landlord"), located at 1600 SW Western Blvd., Suite 175, Corvallis, OR 97333.

Reference is made to a Lease dated January 31, 2012, between Landlord and Tenant (the "Lease"). Pursuant to Section 33 of the Lease, the parties desire to create this instrument. The parties acknowledge the following:

1. The Premises consists of approximately 22,839 square feet in the shopping center and any adjacent parcel owned or which may be acquired by Landlord or an affiliate of Landlord (the "Project") located in Jefferson Square in the City of Klamath Falls, Oregon, and as legally described on Exhibit A attached hereto and incorporated by reference herein.
2. Subject to the terms of the Lease, the initial term of the Lease commences on the Commencement Date (as defined in the Lease) and ends on the last day of the 10th Lease Year (as defined in the Lease). Tenant has options to extend the initial term for three (3) additional periods of five (5) years each.
3. Landlord has granted Tenant the exclusive right to sell the following items in the Restricted Property (as defined in the Lease): bolted and/or unfinished fabrics of any kind, goods sold by the yard, upholstery materials, patterns, knitting supplies, needlepoint, macramé, artificial flowers and accessories, all types of arts and crafts materials and supplies (including jewelry arts and crafts), framed artwork; custom framing, scrapbooks and scrapbooking supplies and materials, yarns and all types of notions, sewing machines, sewing machine furniture, fabric care items

and products, accessories and services related to all of the foregoing and other items and services customarily offered for sale by a fabric and arts and crafts store (collectively, the "Protected Use").

With the exception of custom framing and sewing machines, the foregoing restriction will not apply to: (1) any tenant of the Restricted Property (as defined in the Lease) devoting the lesser of (x) 5% of its Gross Leasable Area to the sale of items comprising the Protected Use, or (y) 200 square feet to the sale of items comprising the Protected Use (it being understood that any tenant that devotes the greater of either Subsection (b)(1)(x) or Subsection (b)(1)(y) of the Lease to the sale of items comprising the Protected Use, shall be considered a tenant whose Primary Use (as defined in the Lease) is the Protected Use); or (2) any tenant open and operating in the Restricted Property as of the date of the Lease to the extent such tenant's lease (as the same exists on the date of the Lease) permits it to sell items that are included in the Protected Use without Landlord's consent, but this clause shall not apply if Landlord permits an expansion of such tenant's premises for a use that would violate Section 14 of the Lease if Landlord reasonably and legally may refuse to grant such permission, and further Landlord covenants with Tenant not to modify or amend any such tenant's lease in any manner that would permit such tenant to sell any items comprising the Protected Use to an extent greater than such tenant is permitted to sell such items under its existing lease.)

4. Landlord has agreed that the Project will not be used as or for the following:
- (i) a movie theater; auditorium; meeting or banquet hall;
 - (ii) church; bingo hall or a place of public assembly;
 - (iii) library or school (includes, but not limited to, a beauty school, barber college, reading room, place of instruction or any other operation serving primarily students or trainees rather than retail customers);
 - (iv) for the sale or service of automobiles or other vehicles;
 - (v) night club or bar serving alcoholic beverages except as incidental to a restaurant ("incidental" shall be defined as deriving less than 25% of gross sales from the sale alcoholic beverages); or liquor or beverage store;
 - (vi) funeral parlor; massage parlor;
 - (vii) animal clinic or animal boarding (kennel);
 - (viii) discotheque; dance hall or otherwise for musical/dance reviews or topless/nude shows;
 - (ix) karate studio; gymnasium, excluding The Little Gym; bowling alley; or skating rink;
 - (x) car wash;
 - (xi) off-track betting establishment;

- (xii) pool room, game room or amusement arcade (defined as any establishment containing more than a combination of three electronic, pinball or other games), gallery or store or pinball arcade;
- (xiii) so-called "flea market"; or second hand. used goods or consignment store;
- (xiv) store selling primarily distressed or damaged merchandise;
- (xv) health club or spa, except that a national first-class health club (such as Anytime Fitness or Curves) and national first-class day spa (such as Massage Envy) which are, for either use: (x) less than 5,000 square feet, and (y) located at least 150 feet from the Premises shall be permitted;
- (xvi) so-called "head shop"; or night club;
- (xvii) gun range or gun shop;
- (xviii) for warehousing, except as incidental to a retail business;
- (xix) adult book store or store selling or exhibiting sexually explicit materials;
- (xx) any business or use that emits offensive odors, fumes, dust or vapors or is a public or private nuisance or emits loud noise or objectionable sounds or creates fire, explosive or other hazard (e.g., motorized vehicle repair or body shop); provided, however, tire, battery or auto parts retail locations shall not be precluded under this Restricted Use;
- (xxi) abortion clinic, aids clinic, drug treatment facility or bodily fluid collection facility; homeless shelter or halfway house;
- (xxii) business office usage within 300 feet of the Premises;
- (xxiii) animal kennel;
- (xxiv) laundromat;
- (xxv) any non-retail use; and
- (xxvi) marijuana dispensary.

5. This Memorandum of Lease is intended solely to establish the Lease and the rights of Tenant in respect of the Premises as matters of public record. Reference is hereby made to the Lease for a complete description of all of the rights, duties, and obligations of the parties in respect of the Premises and the use and the occupancy thereof. In the event of any inconsistency between the Lease and this Memorandum of Lease, the Lease shall control.

[Remainder of Page Intentionally Left Blank – Signatures Follow on Next Page]

In witness whereof, each party has caused this instrument to be signed by its duly authorized representative.

LANDLORD:
KLAMATH-JEFFERSON, LLC

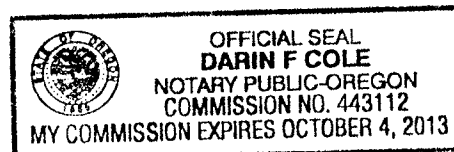
By: M. Eugene Dickerhoof
M. Eugene Dickerhoof
Managing Member

TENANT:
JO-ANN STORES, INC.

By: David B Goldston
David Goldston
Senior Vice President,
General Counsel and Secretary

[Signature Page to Memorandum of Lease dated JANUARY 31, 2012 – Klamath Falls, OR]

STATE OF Oregon)
) SS
COUNTY OF BENTON)



BEFORE ME, a Notary Public in and for said County and State, personally appeared Klamath Jefferson, LLC, an Oregon limited liability company, by M. Eugene Dickerhoof, its managing member, who did sign the foregoing instrument on behalf of the limited liability company and that the same is his/her free act and deed of the limited liability company and personally and as such authorized representative.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Corvallis, Oregon, this 31 day of January, 2012.

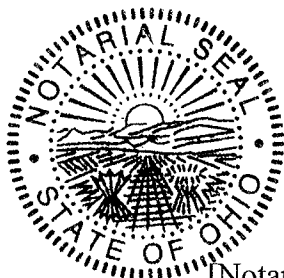


NOTARY PUBLIC

STATE OF OHIO)
) SS:
COUNTY OF SUMMIT)

BEFORE ME, a Notary Public in and for said County and State, personally appeared Jo-Ann Stores Inc., an Ohio corporation, by David Goldston, its senior vice president, general counsel and secretary, who acknowledged before me that he did sign the foregoing instrument on behalf of the corporation, and that the same is the free act and deed of the corporation and his free act and deed personally and as such officers.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Hudson, Ohio, this ~~30~~ 27th day of January, 2012.



LISA A. DREW
NOTARY PUBLIC
STATE OF OHIO
Recorded in
Cuyahoga County
My Comm. Exp. 3/25/15



NOTARY PUBLIC

[Notary Page to Memorandum of Lease – Klamath Falls, OR]

Exhibit A

Legal Description

Parcel 2 of Land Partition No. 48-05, said Land Partition being a replat of a portion of Lots 34 and 44 of Enterprise Tracts located in the West $\frac{1}{2}$ of the NW $\frac{1}{4}$ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.
