

2020-008777

Klamath County, Oregon

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Fee: \$147.00

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Drafted by and after recording return to:
Farm Credit Leasing Services Corporation
Joseph Chrudimsky
1665 Utica Avenue South, Suite 400
Minneapolis, MN, 55416
800-444-2929

Contract Number: 001-0113275-000

**COLLATERAL ASSIGNMENT OF
TENANT'S LEASEHOLD INTERESTS**

THIS COLLATERAL ASSIGNMENT OF TENANT'S LEASEHOLD INTERESTS (this "Assignment") is made and entered into effective as of July 6, 2020, by and between **EDGAR JAMES STAUNTON AND MICHELLE PONCIA STAUNTON**, a married couple, with their principal office at 3725 Hill Road, Tulelake, CA 96134 ("Customer"), and **FARM CREDIT LEASING SERVICES CORPORATION**, a federally chartered instrumentality of the United States, with its principal office at P.O. Box 16330, Minneapolis, MN 55416 ("FCL").

WITNESSETH:

WHEREAS, **STAUNTON FARMS, LP**, an Oregon limited partnership ("Landlord"), as lessor, and Customer, as lessee, are party to that certain Ground Lease, dated as of April 1, 2020 (the "Ground Lease"), covering certain real property situated in Klamath County, Oregon, as described on Exhibit A hereto (the "Premises");

WHEREAS, Customer and FCL are or will be party to a certain Facility Lease Agreement for the Contract No. specified above (collectively with this Assignment, any Interim Funding Agreement(s), and all other documents related to such Facility Lease Agreement, the "Lease Documents"), pursuant to which FCL shall lease to Customer the Facility described on Exhibit B hereto (the "Facility") located or to be located on the Premises; and

WHEREAS, this Assignment is intended to secure (i) Customer's performance and discharge of its obligations under the Lease Documents, whether now or hereafter existing and (ii) FCL's right to operate the Facility at the Premises in the event of Customer's election not to duly purchase the Facility from FCL in accordance with the Lease Documents upon the expiration or termination of the lease transaction contemplated thereby (collectively, the "Secured Interests").

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements hereinafter set forth, it is hereby agreed by and between the parties hereto as follows:

1. Collateral Assignment. As security for the Secured Interests, Customer hereby collaterally grants, conveys, pledges and assigns to FCL all of its right, title, and interest in and to the Ground Lease, including its right to use and occupy the Premises and any and all other rights under the Ground Lease. Notwithstanding the foregoing, the collateral assignment described in the first sentence of this Paragraph 1 shall be effective only as described in Paragraphs 4 and 5 of this Assignment.

2. Amendment of Ground Lease. Customer represents that it has fulfilled and covenants that it will continue to fulfill all of the terms and conditions of the Ground Lease and will not consent to, cause or enter into any cancellation, termination or material alteration or amendment of the Ground Lease without first obtaining the written consent of FCL. In the event Customer fails to fulfill all terms and conditions of the Ground Lease, FCL shall have the remedies set forth herein. In the event Customer enters into or causes any cancellation, termination or material alteration or amendment of the Ground Lease without the prior written consent of FCL, such alteration, amendment, cancellation or termination shall not be valid or enforceable insofar as FCL or any third parties are concerned.

3. Representations and Warranties. Customer represents and warrants to FCL as follows:

(a) that this Assignment has been validly executed and delivered by Customer and is a valid and enforceable obligation of Customer in accordance with its terms;

(b) that Customer's interest in the Ground Lease is now unencumbered and the Ground Lease is valid, and in full force and effect in accordance with its terms; and

(c) neither Customer nor, to Customer's knowledge, Landlord, is in default under any of the terms, conditions, or covenants contained in the Ground Lease.

4. Events of Default; Enforcement of Assignment. FCL may not apply or enforce this Assignment unless or until the occurrence of one or more of the following events (each, an "Event of Default"), at which time the collateral assignment of the Ground Lease set forth in Paragraph 1 may, if FCL so elects by providing written notice of such election to Customer, become absolute:

(a) without any default by Customer, the Lease Term (as defined in the Lease Agreement, which shall for the avoidance of doubt include any Renewal Lease Term) expires or is terminated and Customer fails to timely exercise any option to purchase the Facility at that time or otherwise fails to close upon the purchase of the Facility within thirty (30) days after the expiration or termination of such Lease Term;

(b) Customer exercises any early termination option it may have under the Lease Documents with respect to the Facility;

(c) the occurrence of any event of default by Customer under the Lease Documents or the Ground Lease; or

(d) in FCL's sole reasonable judgment, (i) a material adverse change has occurred with respect to Customer or the Lease Documents or the transactions contemplated thereby or (ii) enforcement of this Assignment is necessary or advisable in order to preserve the structure, economics or value of the Facility or the transactions contemplated by the Lease Documents.

5. Remedies upon Default. Upon the occurrence of an Event of Default, FCL may, at its option, apply and enforce this Assignment and exercise all of the rights and remedies hereunder and assume and become responsible for the obligations of Customer under the Ground Lease, and if FCL elects to do so pursuant to Paragraph 4, FCL is hereby given and granted full power and authority:

(a) To enter upon and take possession of the Premises; to demand, collect and receive from any tenants or licensees in possession of the Premises or any part thereof, or from any other person or persons liable therefor, all of the rents and revenues which may be due and unpaid and which may thereafter become due; to institute and prosecute summary proceedings for the removal of any subtenants or licensees or other persons from the Premises; and to pay the costs and expenses of all such suits and proceedings out of the rents and other revenues received;

(b) To maintain the Premises and to keep the same in repair; to pay, out of the rents and other revenues received, if any, the costs thereof and of all services of all employees, including their Facility, and all of the operating expenses and expenses of maintaining and keeping the Premises in repair and in proper condition, and also all payments due under the Ground Lease;

(c) To execute and comply with all of the laws of the State in which the Premises are located, and also all of the laws, rules, orders, ordinances and requirements of any and all agencies, bureaus, and departments affecting the Premises and to pay the costs thereof out of the rents and other revenues received, if any;

(d) To rent or lease the whole or any part of the Premises to other parties for such term or terms and on such conditions as FCL may seem proper and make such other use of the Premises as FCL may deem appropriate;

(e) To employ an agent or agents to rent and manage the Premises and to collect the said rents and other revenues thereof, and to pay the reasonable value of its or their services out of the rents and revenues received;

(f) To obtain general liability insurance, fire and casualty insurance and workers' compensation law insurance, and generally such other insurance as is customarily maintained by an occupant of real property of a style and kind of the Premises, or as FCL may deem necessary, and to pay the premiums and charges therefor out of the said rents and other revenues received, if any; and

(g) To act exclusively and solely in the place and stead of Customer, and to have all of the powers as tenant under the Ground Lease, as possessed by Customer under the Ground Lease, for the purposes aforesaid, including without limitation the right to exercise any extension or renewal term(s) under the Ground Lease.

6. No Waiver; No Assumption. The failure or omission by FCL to enforce this Assignment shall not impair the force and effect of this Assignment or prejudice the right of FCL to further enforce this Assignment. Furthermore, it is understood and agreed that FCL does not, by the execution of this Assignment, or by its acceptance hereof, or by the making of any payments due pursuant to the Ground Lease, assume any liability or become liable in any manner whatsoever for the performance of the terms and conditions of the Ground Lease unless and until FCL shall expressly assume any such obligations in writing.

7. Remedies Cumulative. Notwithstanding anything to the contrary contained in this Assignment, the foregoing rights and remedies are cumulative, and shall be in addition to, and cumulative with, the other rights and remedies set forth in the other Lease Documents, and no provision of this Assignment shall prejudice such other rights and remedies. FCL shall have the right to commence and prosecute any action which it may be entitled to commence and prosecute for the collection of the amount or amounts due FCL from Customer.

8. Further Assurances. Customer, at its own expense, will promptly and duly execute and deliver to FCL such documents, conveyances and assurances and take such further action as the FCL may from time to time reasonably request in order to establish and protect the rights and remedies created or intended to be created in favor of FCL, and to establish and perfect FCL's interest in the Premises. FCL may, at its option, record this Assignment or any memorandum hereof, which Customer hereby agrees to execute and deliver promptly upon request.

9. Governing Law. This Assignment shall in all respects be governed by, and construed in accordance with, the laws of the State in which the Premises are located including all matters of construction, validity and performance.

10. Amendments and Waivers. No term or provision of this Assignment may be changed, amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, amendment, waiver, discharge or termination is sought. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Assignment shall not affect the remaining portions hereof.

11. Counterparts. This Assignment may be signed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Assignment by

facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, this Assignment has been executed by Customer on the day and year first above written.

**EDGAR JAMES STAUNTON AND
MICHELLE PONCIA STAUNTON**

Edgar James Staunton

Name: Edgar James Staunton
Individual

Michelle Poncia Staunton

Name: Michelle Poncia Staunton
Individual

STATE OF OREGON)

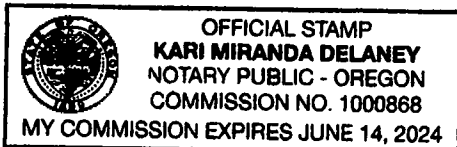
COUNTY OF Klamath)

This instrument was acknowledged before me on this 9th day of July, 2020 by Edgar James Staunton.

(SEAL)

Kari M. Delaney

Signature of Notarial Officer



Printed Name: Kari M. Delaney

Title and Rank: Notary Public

My commission expires: June 14, 2024

STATE OF OREGON)

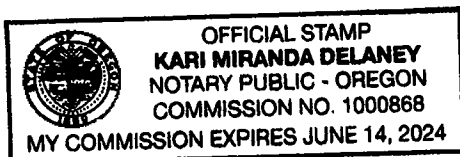
COUNTY OF Klamath)

This instrument was acknowledged before me on this 9th day of July, 2020 by Michelle Poncia Staunton.

(SEAL)

Kari M. Delaney

Signature of Notarial Officer



Printed Name: Kari M. Delaney

Title and Rank: Notary Public

My commission expires: June 14, 2024

FARM CREDIT LEASING SERVICES
CORPORATION

By: *Susan Bowman*
Name: **Susan Bowman**
Title: Lease Closing Specialist IV

STATE OF MINNESOTA)
COUNTY OF Hennepin)

The foregoing instrument was acknowledged before me this 15th day of July, 2020,
by **Susan Bowman**, Lease Closing Specialist IV, of Farm Credit Leasing
Services Corporation, a federally chartered instrumentality of the United States, on behalf of said
entity.

WITNESS my hand and official seal.



Timeka Kuhnley
Notary Public
Printed Name: **Timeka Kuhnley**
My commission expires: 01/31/2024

EXHIBIT A

The following real property situated in the County of Klamath, State of Oregon, to wit:

Unsurveyed Parcel 1 on Land Partition 6-16, being a replat of Parcel 1 of Land Partition 27-10, situated in the W1/2 of Govt Lot 14 and a Portion of Govt Lot 20, in SW1/4 of Section 15, Township 41 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, recorded November 18, 2016 Instrument No. 2016-012350 Records of Klamath County, Oregon.

EXHIBIT B

One (1) Custom 220' x 210' Potato Conditioning Storage Facility together with all fixtures, attachments, components, and accessories, all as leased pursuant to Contract No. 001-0113275-000.

**CONSENT TO COLLATERAL ASSIGNMENT
OF TENANT'S LEASEHOLD INTERESTS**

THIS CONSENT TO COLLATERAL ASSIGNMENT OF TENANT'S LEASEHOLD INTERESTS (this "Consent") is made and entered into effective as of July 6, 2020, by **STAUNTON FARMS, LP**, an Oregon limited partnership ("Landlord") with its principal office located at 22217 Stateline Road, Malin, OR 97632 in favor of **FARM CREDIT LEASING SERVICES CORPORATION**, a federally chartered instrumentality of the United States ("FCL"), with its principal office located at P.O. Box 16330, Minneapolis, MN 55416. All capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Collateral Assignment of Tenant's Leasehold Interests, dated as of even date herewith (the "Collateral Assignment"), by and between **EDGAR JAMES STAUNTON AND MICHELLE PONCIA STAUNTON** ("Customer") and FCL.

WITNESSETH:

WHEREAS, Landlord, as lessor, and Customer, as lessee, are party to that certain Ground Lease, which covers certain real property situated in Klamath County, Oregon, as more particularly described therein (the "Premises");

WHEREAS, Customer and FCL are or will be party to that certain Facility Lease Agreement (the "Lease Agreement" and, collectively with this Consent, the Collateral Assignment, and all other related documents for the lease transaction(s) contemplated thereby, the "Lease Documents"), pursuant to which FCL shall lease to Customer certain Facility located or to be located on the Premises as described therein;

WHEREAS, Customer and FCL are party to the Collateral Assignment, which is intended to secure the Secured Interests; and

WHEREAS, as a condition to the effectiveness of the Lease Documents, FCL has requested that Landlord execute and deliver this Consent in order to acknowledge and protect FCL's ownership interest in the Facility and its rights under the Lease Documents.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements hereinafter set forth, it is hereby agreed by and between the parties hereto as follows:

1. Consent to Collateral Assignment. Landlord hereby consents to the terms and conditions of the Collateral Assignment, the Lease Documents, and the transactions contemplated thereby, including without limitation the construction or other placement of the Facility on the Premises.

2. Ownership of Facility. Notwithstanding anything to the contrary in the Ground Lease or in any other agreement or document, Lessor acknowledges and agrees as follows:

(a) FCL is owner of the Facility;

- (b) FCL is leasing the Facility to Customer pursuant to the Lease Documents;
- (c) ownership of the Facility is and shall remain severed from that of the Premises;
- (d) title to and ownership of the Facility shall at all times be and remain exclusively with FCL, and no interest in the Premises shall attach to the Facility, and Landlord further waives any and all rights or claims it may have now or at any time in the future against the Facility, for non-payment of rent, as a remedy for default under the Ground Lease or otherwise; and
- (e) the Facility shall not be subject to the lien of any mortgage, deed of trust, secured transaction or instrument heretofore or hereafter arising against the Premises.

3. FCL's Right to Possession, Right to Acquire and Right to Assign. FCL shall have the absolute right:

(a) to assign all of its rights, liabilities and obligations under the Lease Documents, the Ground Lease and the Collateral Assignment to third parties (including without limitation after an event of default by Customer under any of the foregoing), and any assignee or designee of FCL shall have all rights, remedies, liabilities and obligations of FCL set forth herein and therein (and FCL shall not have any liabilities or obligations herein or therein following any such assignment);

(b) to acquire title to the leasehold estate created under the Ground Lease (the "Leasehold Estate") by any lawful means (subject to the provisions hereof), including enforcement of the Collateral Assignment or enforcement of its lien created under any mortgage, deed of trust or similar security document;

(c) to enter the Premises to inspect, repair, rebuild, take possession of, operate and remove the Equipment or any portion thereof and, after any enforcement by FCL of its rights under Paragraph 4 of the Collateral Assignment, to enjoy all rights and perform all obligations of Customer under the Ground Lease; and

(d) to acquire the Leasehold Estate by foreclosure or other legal proceedings or remedies (whether judicial or non-judicial) and thereafter to assign or transfer the Leasehold Estate to a third party, which assignment or transfer shall not require any further consent of Landlord.

4. Notice of Default: Opportunity to Cure. Promptly after becoming aware of any default by Customer under the Ground Lease and in any event concurrently with the delivery of any notice of such default to Customer, Landlord shall give written notice of such default to FCL, and:

(a) FCL shall have an additional ninety (90) days from the later to occur of (i) expiration of the cure period applicable to such default and (ii) FCL's receipt of such written notice, to cure any default of Customer; provided that such ninety-day period shall be extended for the time reasonably required to complete such cure, including the time required for FCL to obtain

possession of the Facility or to institute foreclosure proceedings, provided FCL acts with reasonable and continuous diligence.

(b) FCL shall have the absolute right to substitute itself for Customer and perform the duties of Customer under the Ground Lease for purposes of curing such defaults. After FCL exercises its right to obtain assignment of the Ground Lease pursuant to the Collateral Assignment, Landlord will permit FCL to do anything under the Ground Lease that Customer would be entitled to do in absence of such defaults, including without limitation exercising any extension or renewal term(s).

(c) During any period of possession of the Facility or the Leasehold Estate by FCL or during the pendency of any foreclosure proceedings instituted by FCL, FCL shall pay or cause to be paid the rent and all other monetary charges payable by Customer under the Ground Lease which have accrued and are unpaid at the time FCL takes possession and those which accrue thereafter. Following acquisition of the Leasehold Estate by FCL, the Ground Lease shall continue in full force and effect. Any party which acquires the Leasehold Estate and/or Customer's rights under the Ground Lease shall commence the cure of all defaults under the Ground Lease. As long as such defaults are being cured, Landlord may not terminate the Ground Lease. FCL or the party acquiring title to the Leasehold Estate shall not be required to cure those defaults which are not reasonably susceptible of being cured or performed by such party or which do not materially affect Landlord's rights under the Ground Lease, and such defaults shall be deemed waived by Landlord upon completion of foreclosure proceedings or acquisition of the Leasehold Estate by FCL or such party.

(d) FCL or any other party who acquires the Leasehold Estate shall be liable to Landlord only during the period in which it owns the Leasehold Estate and Landlord hereby releases FCL or such other party from all liability for acts or omissions that occur outside of such period.

(e) Neither bankruptcy nor insolvency shall be grounds for terminating the Ground Lease as long as the rent and all other monetary charges payable to Landlord under the Ground Lease are paid by FCL or any other party who acquires the Leasehold Estate in accordance with the terms of this Consent and the Ground Lease.

5. New Lease to FCL. If the Ground Lease is rejected or disaffirmed pursuant to bankruptcy law or other law affecting creditors' rights, Landlord shall, upon written request from FCL within ninety (90) days after any such event, enter into a new agreement concerning the Leasehold Estate and the Premises on the same terms and conditions as the Ground Lease. After the termination, rejection or disaffirmance of the Ground Lease and during the period thereafter during which FCL has given notice of its desire to enter into a new agreement concerning the Leasehold Estate and the Premises, Landlord will not terminate any sublease of the Ground Lease or the rights of any sublessee thereunder.

6. Consent to Amendment, Termination or Surrender. Notwithstanding any provision of the Ground Lease to the contrary, the parties agree that the Ground Lease shall not be materially modified or amended and Landlord shall not accept or cause a surrender of the Premises or any part thereof or a cancellation, termination or release of the Ground Lease from Customer prior to

expiration of the term thereof without the prior written consent of FCL. This provision is for the express benefit of and shall be enforceable by FCL.

7. Further Amendments. At FCL's request, Landlord and Customer shall amend the Ground Lease to include any provision which may reasonably be requested by FCL in furtherance of the rights and obligations described in this Consent; provided, however, that such amendment does not materially impair any of Landlord's rights under the Ground Lease (as modified hereby) or substantially increase the burdens or obligations of Landlord under the Ground Lease. Upon the request of FCL, Landlord shall execute any additional instruments reasonably required to evidence FCL's rights under this Consent.

8. Notices. All notices or communications hereunder shall be in writing, personally delivered, delivered by overnight courier service, sent by facsimile or other electronic transmission (with confirmation of receipt), or sent by certified mail, return receipt requested, addressed to the other party at its respective address set forth under its signature below, or at such other address as such party shall from time to time designate in writing to the other party, and shall be effective from the date of receipt.

9. Governing Law. This Consent shall in all respects be governed by, and construed in accordance with, the laws of the State of Minnesota including all matters of construction, validity and performance.

10. Amendments and Waivers. No term or provision of this Consent may be changed, amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, amendment, waiver, discharge or termination is sought. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Consent shall not affect the remaining portions hereof.

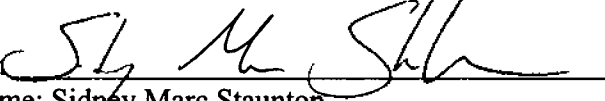
11. Counterparts. Delivery of an executed counterpart of a signature page of this Consent by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Consent.

[signature page follows]

IN WITNESS WHEREOF, this Consent has been executed by Landlord on the day and year first above written.

Landlord: **STAUNTON FARMS, LP**

By: STAUNTON FARMS, LLC, General Partner

By: 

Name: Sidney Marc Staunton

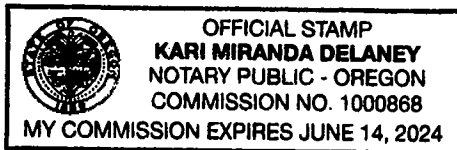
Title: Member

STATE OF OREGON)

COUNTY OF Klamath)

This instrument was acknowledged before me on this 9th day of July, 2020 by Sidney Marc Staunton as Member of STAUNTON FARMS, LLC who is the General Partner of STAUNTON FARMS, LP.

(SEAL)




Signature of Notarial Officer

Printed Name: Kari M. Delaney
Title and Rank: Notary Public
My commission expires: June 14, 2024

14