

SUBORDINATION AGREEMENT

PARTIES:

FIRST NATIONAL BANK OF OREGON, ("Bank"), and

Ruddock Sales & Distributing

RECITALS:

Ruddock Sales & Distributing is the tenant under a written Lease Agreement dated July 25, 1979 wherein Frederick D. Ehlers and Helen A. Ehlers is landlord covering certain space in a building located at the Jefferson Square Shopping Mall, South 6th Street and Washburn Way, Klamath Falls, Oregon, which building is situated upon the premises more particularly described as follows:

See attached Legal Description

This agreement is executed pursuant to the terms of that Lease Agreement.

AGREEMENT:

1. Subordination. Ruddock Sales & Distributing agrees with Bank that the rights of Ruddock Sales & Distributing under the Lease described above and premises described above shall be and are hereby subordinate, junior and inferior to a Mortgage executed by Frederick D. Ehlers and Helen A. Ehlers, to Bank as mortgagee, recorded Sept 27, 1979, Official Records of Klamath County, M79-22929, and all sums advanced and to be advanced thereunder.

2. Nondisturbance. Bank agrees that so long as Ruddock Sales & Distributing is not in default of its obligations or any of them as tenant under the Lease described above, then Ruddock Sales & Distributing may remain in possession of the premises pursuant to the lease terms and without any diminution of Ruddock Sales & Distributing's rights as tenant should Frederick D. Ehlers and

Helen A. Ehlers as landlord become in default with respect to its obligations to Bank or should the premises become the subject of any action or suit to foreclose the Mortgage or to otherwise dispossess the landlord from the premises.

3. Binding Effect. This agreement shall bind and benefit the parties and their respective successors in interest and assigns.

DATED: September 27, 19 79

FIRST NATIONAL BANK OF OREGON

DATED: 27th Sept, 19 79

By J. Dennis Roach

Ruddock Sales & Distributing

By Mrs Viola A Ruddock

STATE OF Oregon)
) ss.
COUNTY OF Klamath)

September 27, 1979 A. D.

Personally appeared J. Dennis Roach who, being duly sworn did say that he is the Manager of FIRST NATIONAL BANK OF OREGON, and that the said instrument was signed in behalf of said corporation by authority of its Board of Directors; and he acknowledged said instrument to be its voluntary act and deed. Before me:

(Notary Seal)

Notary Public for Oregon

My Commission Expires: 4-16-82

STATE OF OREGON)
) ss.
COUNTY OF KLAMATH)

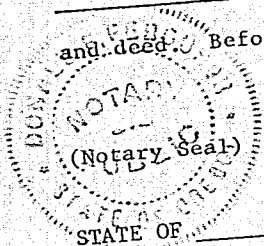
27 SEPT A. D. 1979

Personally appeared MRS. VIOLA A. RUDDOCK who being duly sworn, did say that she is the OWNER of RUDDOCK SALES & DISTRIBUTING, and that the seal affixed to the foregoing instrument, if any, is the corporate seal of said corporation and that said instrument was signed in behalf of said corporation by authority of its board of directors and _____

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_____ acknowledged said instrument to be its voluntary act

and deed. Before me:



Donald J. Ferguson
Notary Public for Oregon

My Commission Expires: Nov. 16, 1982

STATE OF _____)
COUNTY OF _____) ss. _____ A. D. _____

Personally appeared the above named _____

_____ and acknowledged the foregoing instrument to be _____ voluntary act and deed.

Before me:

(Notary Seal)

Notary Public for
My Commission Expires: _____

LEGAL DESCRIPTION

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.



STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Transamerica Title Co.

this 27th day of September A. D. 1979 at 3:42 o'clock ^P M., and

duly recorded in Vol. M79, of Mortgages on Page 22958

Wm D. MILNE, County Clerk

By Bernetha H. Leto ch

Fee \$14.00