

SUBORDINATION AGREEMENT

PARTIES: Nissan Motor Acceptance Corporation ("NMAC") and Paradise Readymix, a partnership ("Lessee").

RECITALS:

A. Lessee is the Tenant under a written Lease Agreement dated September 20, 1977 wherein Stiles Enterprises, Inc., is Landlord, covering all or some portion of that certain real property, more fully described on Exhibit "A", which exhibit is attached hereto and incorporated herein by this reference. This Subordination Agreement is executed pursuant to the terms of the described Lease Agreement.

B. Section 16.14 of the Lease Agreement dated September 20, 1977 provides as follows:

"Subordination.

(a) The Lease, at Landlord's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation for equity now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to any renewals, modifications, consolidations, replacements and extensions thereof notwithstanding such subordination. Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of the Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage, deed of Trust or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

(b) Tenant agrees to execute any documents required to effectuate such subordination or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be, and failing to do so within ten (10) days after written demand does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place and stead to do so.

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1. Subordination. Lessee agrees with NMAC that the rights of Lessee under the Lease Agreement and real property described above, shall be and hereby are subordinate, junior and inferior to a trust deed executed by Oliver R. Spires and Diane E. Spires in favor of NMAC as beneficiary, dated June 10, 1988, and recorded in the Official Records of Klamath County, Oregon, and all sums advanced and to be advanced thereunder.

2. Non-disturbance. Tenant's right to quiet possession to the premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms.

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

DATED this 10TH day June, 1988.

PARADISE READYMIX, a General Partnership

NISSAN MOTOR ACCEPTANCE Corporation

By: [Signature]

General Partner
OLIVER SPIRES ATTORNEY
IN FACT UNDER THE
PROVISIONS OF SECTION 16.14

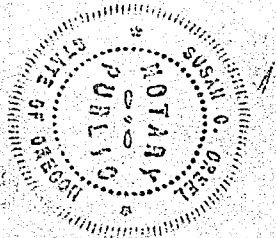
By: [Signature]

Harold Peterson,
Region Manager

STATE OF OREGON)

County of Klamath) ss.

The foregoing instrument was acknowledged before me this 10TH day of June, 1988, by OLIVER SPIRES of PARADISE READYMIX, on behalf of the association, AS ATTORNEY IN FACT UNDER THE PROVISIONS OF SECTION 16.14.



[Signature]
Notary Public for Oregon

My Commission expires: 6-21-88

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STATE OF OREGON)
) ss.
County of Washington)

The foregoing instrument was acknowledged before me, this
27th day of June, 1988, by HAROLD PETERSON of Nissan Motor
Acceptance Corporation, on behalf of the corporation.

Karen M. Joy
Notary Public for Oregon
My Commission expires: 2/18/90

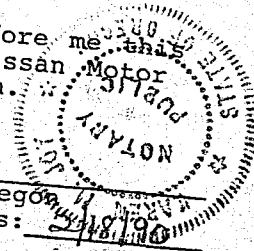


EXHIBIT "A"

The following described real property situated in Klamath County, Oregon:

PARCEL 1: A piece or parcel of land situated in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 33, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at the intersection of the Southerly right of way line of South Sixth Street and the Westerly right of way of the O. C. & E. Railroad spur; said point being also the Northeasterly corner of that parcel of land conveyed at page 8265 of Volume M68, of Klamath County Deed Records, thence North 58°24'45" West along the Southerly right of way line of South Sixth Street 218.95 feet to a point; thence North 55°48'55" West along said right of way line 180.4 feet to the most Northerly corner of that parcel of land conveyed at page 5330 of Volume M72, Klamath County Deed Records; thence South 0°45' East 451.4 feet to a point; thence North 88°11'20" East 203.85 feet to a point; thence South 0°51'30" East 57.0 feet to a point; thence North 89°15' East 129.0 feet to a point on the West right of way line of the O. C. & E Railroad spur; thence North 0°45' West along said right of way spur 284.2 feet to the point of beginning.

PARCEL 2: A piece or parcel of land situated in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 33, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon being more particularly described as follows:

Beginning at a point on the Westerly right of way line of the O. C. & E Railroad spur as the same is presently located and constructed from which the Northeasterly corner of that parcel of land conveyed on page 8265 of Volume M68 of Klamath County Deed Records bears North 0°45' West 284.2 feet distance; thence South 0°45' East along said railroad right of way 249.0 feet to a point; thence along a circular curve to the left (having a central angle of 14°25'10" a radius of 429.51 and a long chord which bears South 7°57'35" East 107.8 feet) a distance of 108.1 feet to a point; thence South 89°15' West 286.55 feet to a point; thence North 37°52'10" West 284.80 feet to a point; thence North 1°48'40" West 180.0 feet to a point; thence North 88°11'20" East 319.2 feet to a point; thence South 0°51'30" East 57.0 feet to a point; thence North 89°15' East 129.0 feet, more or less to the point of beginning.

PARCEL 3: A parcel of land situated in the SW $\frac{1}{4}$ of Section 33, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point on the South line of Section 33, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, from which the South quarter corner of said Section 33 bears North 89°26' East 313.83 feet distant; thence North 0°45' West 4.0 feet to an existing iron pin reference monument; thence North 0°45' West 176.00 feet to an existing iron pin; thence North 89°14'40" East 166.00 feet to an existing iron pin; thence North 0°45'30" West 76.50 feet to an existing iron pin on the Westerly right of way line of the O.C. & E Railroad spur as the same is presently located and constructed; thence following said right of way line along a 13.34 degree curve to the right, the long chord of which bears North 21°39'25" West 72.70 feet, a distance of 72.8 feet to an iron pin; thence South 89°15' West 286.55 feet to an iron pin; thence North 37°52'10" West 284.8 feet to an iron pin; thence North 1°48'40" West 180.0 feet to a point; thence North 88°11'20" East 115.35 feet to a point on the Southwest corner of that parcel designated as Parcel A in recorded survey no. 1922; thence North 0°45' West along the Westerly boundary of said

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PAGE TWO - EXHIBIT "A"

Parcel A, 451.4 feet to a point on the Southerly right of way boundary of South Sixth Street as the same is presently located and constructed; thence North 68°29'25" West along the Southerly right of way line of South Sixth Street 429.1 feet to a point on the Easterly right of way line of the Southern Pacific Railroad projected Northerly; thence South 0°45' East along said right of way line projected and along said right of way line 1195.1 feet to its intersection with the Northerly right of way line the O.C. & E. Railroad; thence South 51°58' East along said Northerly right of way line 241.2 feet to its intersection with the South line of Section 33, Township 38 South, Range 9 East of the Willamette Meridian; thence North 89°26' East 415.45 feet more or less, along said section line to the point of beginning.

PARCEL 4: A parcel of land situated in the SW $\frac{1}{4}$ of Section 33, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point in the Southerly line of Sixth Street, City of Klamath Falls, County of Klamath, State of Oregon, said point lying distant 176.10 feet Westerly along the Southerly line of Sixth Street from the intersection of the Southerly line of the said Sixth Street with the Westerly line of Owens Street (formerly known as Front Street), running thence South 0°57'30" East, a distance of 526.84 feet to a point; thence Southerly, along the arc of a curve, (said curve being tangent to the last mentioned course at the last mentioned point) concave to the left having a radius of 389.51 feet, a distance of 346.14 feet to a point in the Westerly line of Owens Street; thence South 0°55'30" East, along the Westerly line of Owens Street, a distance of 50.02 feet to a point; thence Northerly along the arc of a curve (the tangent of the said curve bears North 56°05' West at the last mentioned point) concave to the right, having a radius of 429.51 feet, a distance of 413.24 feet, to a point; thence North 0°57'30" West and tangent to the last mentioned course at the last mentioned point, a distance 554.78 feet, to a point in the Southerly line of Sixth Street; thence South 56°01'30" East, along the Southerly line of Sixth Street, a distance of 48.79 feet to the point of beginning.

LESS AND EXCEPT a tract of land described as follows: Beginning at the intersection of the Westerly line of Owens Street and the Southerly line of Sixth Street as now located; thence North 56°01'33" West, 176.10 feet, more or less, to the Easterly line of Deed Volume 82, page 96, and the true point of beginning of the strip of land to be described; thence South 0°57'30" East along the Easterly line of said deed, 110 feet; thence North 56°01'33" West 48.79 feet to the Westerly line of Deed Volume 82, page 96; thence North 0°57'30" West 110 feet to the Southerly line of Sixth Street; thence South 56°01'33" East 48.79 feet to the true point beginning.

Return to: KCTC

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title the 6th day
of July A.D., 1988 at 3:30 o'clock P. M., and duly recorded in Vol. M88
of Mortgages on Page 10576

FEE \$28.00

Evelyn Biehn

County Clerk

By Pauline Mullendare