

Recording Requested By
and When Recorded Mail To:

The Travelers Real Estate
Investment Company
30 Batterson Park BP
Farmington, Connecticut 06032
Attention: Daphne C. Schaub

K-42074

SUBORDINATION, ATTORNMEN AND
NON-DISTURBANCE AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR LEASEHOLD INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT is made and entered into this 29th day of May 1990, by and between THE TRAVELERS INSURANCE COMPANY, a Connecticut corporation (hereinafter called "Beneficiary") and BONANZA VIEW DAIRY, INC. (hereinafter called "Lessee").

W I T N E S S E T H:

WHEREAS

A. Beneficiary is the owner and holder of a Promissory Note ("Note") dated the same date as the Deed of Trust (as hereinafter defined) in the amount of One Million Six Hundred Forty Thousand and No/100 Dollars, (\$1,640,000.00), secured by a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing ("Deed of Trust") on the real property with the buildings and improvements thereon (collectively "Secured Property") described on Exhibit "A" attached hereto and by this reference made a part hereof. The Deed of Trust will be filed in the Official Records in the county and state where the Secured Property is located, concurrently herewith.

B. Lessee is the tenant under a lease ("Lease"), a memorandum of which was dated July 1, 1988, recorded July 10, 1988, Volume M88, page 11558, Deed Records of Klamath County, Oregon, made by Elso de Jong and Dita de Jong ("Lessor"), covering a part (the "Leased Premises") of the Secured Property.

C. Beneficiary requires as a precondition to providing long-term financing for the Secured Property that Lessee unconditionally subordinate to Beneficiary its right, title and interest in the Leased Premises.

D. Lessor's interest in the Lease has been assigned to Beneficiary as additional security for the Note.

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E. Lessee and Beneficiary desire to confirm their understanding with respect to the Lease and the Deed of Trust.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Beneficiary and Lessee hereby agree and covenant as follows:

1. The Lease is now, and shall at all times, in each and every respect, continue to be, subject to and subordinate to the Deed of Trust and to any and all renewals, modifications, extensions, substitutions, replacements and/or consolidations of the Deed of Trust, but any and all such renewals, modifications, extensions, substitutions, replacements and/or consolidations shall be subject to and entitled to the benefit of this Agreement; and the Deed of Trust shall unconditionally be and at all times remain a lien or charge on the Secured Property, prior to and superior to the Lease and leasehold interest of Lessee.

2. Beneficiary would not make its loan above described without this Agreement.

3. So long as Lessee is not in default (beyond any period given Lessee by the terms of the Lease to cure such default) in the payment of rent or additional rent, or in the performance of any of the obligations, terms, covenants or conditions of the Lease to be performed on Lessee's part, Lessee's possession of the Secured Property under the Lease, or any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, shall not be diminished or interfered with by Beneficiary and Beneficiary will not join Lessee as a party defendant in any action or proceeding to foreclose the Deed of Trust, and any foreclosure sale pursuant to the Deed of Trust shall be subject to the Lease, provided that Lessee complies with the provisions of Paragraph 4 hereof.

4. If Beneficiary shall become the owner of the Secured Property or the Secured Property shall be sold by reason of foreclosure or other proceedings brought to enforce the Deed of Trust or the Secured Property shall be transferred by deed in lieu of foreclosure, the Lease shall continue in full force and effect as a direct Lease between the then owner of the Secured Property (including Beneficiary, its successors and assigns, and anyone succeeding to Lessor's interest by or through foreclosure of the Deed of Trust or any grantee under a deed in lieu of foreclosure) and Lessee, upon and subject to all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, and Lessee does hereby attorn to Beneficiary or any other such owner as its Lessor, said attornment to be effective and self-operative without the execution of any further instruments; provided that

Beneficiary or any successor may require Lessee to enter a new Lease with it, and within ten (10) days after Lessee receives written notice of such election, Lessee shall enter a new Lease with such party on the same terms and conditions contained in the above-described Lease, and failure to enter into such Lease shall be grounds for termination of said Lease; provided further, that Beneficiary or other such owner shall not be:

- (a) liable for any act or omission of any prior lessor (including Lessor); or
- (b) subject to any offsets or defenses which Lessee might have against any prior lessor (including Lessor); or
- (c) bound by any lease provision for rent rebate, accrued or deferred rent or by any prepayment of rent or additional rent which Lessee might have paid for more than the current month to any prior lessor (including Lessor); or
- (d) bound by any amendment or modification of the Lease or by any waiver or forbearance on the part of any prior lessor (including Lessor) made or given without the written consent of Beneficiary or any subsequent holder of the Deed of Trust.

5. Lessee declares, agrees and acknowledges that:

It intentionally and unconditionally subordinates the Lease and leasehold interest above mentioned in favor of the lien or charge upon the Secured Property of the Deed of Trust in favor of Beneficiary above referred to and understands that in reliance upon, and in consideration of this subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this subordination.

6. This Agreement may not be modified orally or in any other manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

7. Notwithstanding the foregoing, to the extent that the Lease shall entitle the Lessee to notice of any Deed of Trust, this Agreement shall constitute such notice to the Lessee with

respect to the Deed of Trust and to any and all renewals, modifications, extensions, substitutions, replacements and/or consolidations of the Deed of Trust.

8. If any legal action, arbitration or other proceeding is commenced to enforce any provision of this Agreement, the prevailing party shall be entitled to an award of its actual expenses, including without limitation, expert witness fees, actual attorneys' fees and disbursements.

9. All notices to Beneficiary shall be by Certified Mail to the address given at the top of page one of this Agreement.

All notices to Lessee shall be by certified mail to the following address:

Bonanza View Dairy, Inc.
c/o Elso de Jong and Dita de Jong
Route 1, Box 202
Bonanza, Oregon 97623

10. The law of the State of Oregon shall govern the validity, interpretation, construction, and performance of this Agreement.

11. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which when executed and delivered shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON THE REAL PROPERTY WHICH YOU LEASE TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

LESSEE:

BONANZA VIEW DAIRY, INC.

By: *Elso de Jong*
Its: President

By: *Dita de Jong*
Its: Secretary

BENEFICIARY:

THE TRAVELERS INSURANCE COMPANY,
a Connecticut corporation

By: *Roberta F. Fennelly*
Its: Assistant Director
Roberta F. Fennelly

(Notaries follow on next page)

EXHIBIT "A"

DESCRIPTION OF PROPERTY

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

PARCEL 1:

All those lands situated in Sections 15 and 22, Township 39 South, Range 11 E.W.M., Klamath County, Oregon, being more particularly described as follows:

Section 22: NW $\frac{1}{4}$; NE $\frac{1}{4}$ SW $\frac{1}{4}$

EXCEPTING therefrom a tract of land containing 20 acres, more or less, situated in the W $\frac{1}{2}$ of Section 22, described as follows: That portion of the East 740.00 feet of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 22 lying South and Southwesterly of West Langell Valley Road and that portion of the East 740.00 feet of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 22 lying South and Southwesterly of West Langell Valley Road.

Section 15: S $\frac{1}{2}$ SW $\frac{1}{4}$

ALSO: That tract of land described as follows: Beginning at a 1/2 inch iron pin from which the Northwest corner of said Section 15 bears N. 01°44'03" W. 3681.45 feet; thence S. 78°02'07" E. 174.45 feet to a 1/2 inch iron pin; thence S. 89°52'45" E. 231.30 feet to a 1/2 inch iron pin; thence S. 89°20'52" E. 801.00 feet to a 1/2 inch iron pin; thence S. 15°16'07" E. 217.00 feet to a 1/2 inch iron pin; thence continuing S. 15°16'07" E. 20 feet, more or less, to the South line of the N $\frac{1}{2}$ SW $\frac{1}{4}$ of said Section 15; thence Westerly along said line to the Southwest corner of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 15; thence Northerly along the West line of said Section 15 to a point that bears S. 81°00'05" W. from the point of beginning; thence N. 81°00'05" E. to a 1/2 inch iron pin set in an existing North-South fence line; thence continuing N. 81°00'05" E. 76.21 feet to the point of beginning, containing 7.2 acres, more or less, with bearings based on Bowne Addition to the Town of Bonanza.

PARCEL 2:

Township 39 South, Range 11 East of the Willamette Meridian, as follows:

Section 16: The SW $\frac{1}{4}$ and all of SE $\frac{1}{4}$ NW $\frac{1}{4}$ lying South of Lost River, EXCEPTING THEREFROM, the Westerly 40 feet of SW $\frac{1}{4}$ SW $\frac{1}{4}$ lying Southerly of existing County Road.

The S $\frac{1}{2}$ SE $\frac{1}{4}$ Less that portion heretofore deeded to Klamath County, Oregon, for road purposes.

Section 17: That part of the S $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ Lying South and Easterly of Lost River.

The SE $\frac{1}{4}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ lying North of Harpold Road

Section 20: That portion of the NE $\frac{1}{4}$ lying North of Harpold Road.

The N $\frac{1}{2}$ NW $\frac{1}{4}$ and SW $\frac{1}{4}$ NW $\frac{1}{4}$ lying East of Lost River.

Section 21: The N $\frac{1}{2}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$

PARCEL 3:

A fraction of Sections 9 and 16, Township 39 S.R. 11 E.W.M., included within the following described parcels:

All those portions of Vacated Bowne Addition to the Town of Bonanza described as follows:

The West 12½ feet of Lots 2 and 23 and all of Lots 3 to 22 inclusive in Block 48;

Lots 1 to 18 inclusive and Lots 23 and 24 in Block 49;

Lots 13 to 24 inclusive in Block 50;

All of Block 67;

Lots 3 to 24 inclusive in Block 68;

Lots 3 to 22 inclusive and the West 4.5 feet of Lot 23 in Block 69;

The West 4.5 feet of Lots 2 and 23 and Lots 3 to 22 inclusive in Block 76;

All of Block 77;

All of Block 78;

Also those portions of Streets and Alleys which attach to said Lots and Blocks by operation of Law By Order of Vacation shown in Vol. 191, page 421, Deed Records of Klamath County, Oregon, including all of Vacated Park Ave. between the centerline of Union St. and the centerline of Price St.

SAVING AND EXCEPTING from the above those portions of Blocks 48 and 49 and Vacated Seattle Ave. lying Northerly of the following described line: Beginning at a point in the alley in Block 50 which bears S. 0°08' E. 141.56 feet from the Northwest corner of Lot 6 in said Block 50; thence S. 89°44'50" E., 326.97 feet; thence S. 76°54'14" E., 518.98 feet to a point on the East line of the W½ of Lot 23, said Block 48.

ALSO SAVING AND EXCEPTING the North 30 feet of Lots 3 and 4 in Block 69 of said Vacated Bowne Addition.

ALSO: Beginning at the corner common to Sections 9, 10, 15 and 16, Township 39 S.R. 11 E.W.M., which point is on the centerline of Carroll Avenue as platted on Bowne Addition to the Town of Bonanza, thence North along said centerline 330 feet, more or less, to its intersection with the centerline of Union St.; thence West along the centerline of Union St. 1110 feet, more or less, to the West line of Park Ave.; thence South along the West line of Park Ave., and said West line extended, 710 feet, more or less, to the center of Lost River; thence Northeasterly and Easterly along the center of Lost River to the East line of said Section 16; thence North along said Section line a distance of 250 feet, more or less, to the point of beginning.

SAVING AND EXCEPTING the East 45 feet of said parcel heretofore conveyed to Klamath County by Deed recorded November 28, 1947, in Vol. 214, page 247, Deed Records of Klamath County, Oregon, for Road Purposes.

All that portion of the NE¼ of Section 16 lying Southerly of the center of Lost River; the N½SE¼ of Section 16, LESS portion deeded for road described in Vol. 74, page 71, Deed Records of Klamath County, Oregon, all in Township 39 S.R. 11 E.W.M.

PARCEL 4:

Lots 19, 20, 21, and 22 in Block 49 of Vacated Bowne Addition to the Town of Bonanza. Also those portions of the streets and alleys which attach to the aforesaid lots by operation of law through the order of vacation shown in Book 191 page 421, Deed records of Klamath County, Oregon.

PARCEL 5:

Lots 1 and 2 in Block 68 of Vacated Bowne Addition to the Town of Bonanza. Also those portions of the streets and alleys which attach to the aforesaid lots by operation of law through the order of vacation shown in Book 191 page 421, Deed records of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 31st day
of May A.D., 19 90 at 1:26 o'clock P M., and duly recorded in Vol. M90,
of Mortgages on Page 10426.
Evelyn Biehn, County Clerk
By Pauline Muelendore

FEE \$43.00