

3045

RECORDING REQUESTED BY

07-20-95P03:34 RCVD

Vol. 1195 Page 18823

AND WHEN RECORDED MAIL TO

NAME **The Bank of California, N.A.**
 ADDRESS **321 East 2nd Street, 5th Floor**
Los Angeles, CA 90012
 CITY & STATE **Attn: Real Estate Loan Admin.**

SPACE ABOVE THIS LINE FOR RECORDER'S USE

ATC # 42390
SUBORDINATION AGREEMENT

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

THIS AGREEMENT, made this 17th day of July, 19 95
 by Steiner Klamath Investors, Inc., a Nevada corporation
 owner of the land hereinafter described and hereinafter referred to as "Owner", and Supply One, Inc., a
Nevada corporation
 present owner and holder of the leasehold estate created by the lease hereinafter described and hereinafter referred to as "Lessee";

WITNESSETH

THAT WHEREAS, Steiner Klamath Investors, Inc., a Nevada corporation as lessor,
 executed a lease, dated May 1, 1995 covering:

real property in the County of Klamath, State of Oregon, described as following:

See Exhibit "A" attached hereto and incorporated herein by this reference.

in favor of Supply One, Inc., a Nevada corporation as lessee,
 which lease was recorded unrecorded in book _____ page _____
 Official Records of said county; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$ 3,430,000.00
 dated July 17, 1995 in favor of The Bank of California, N.A., a
National Banking Association
 hereinafter referred to as "Lender", payable with interest and upon the terms and conditions described therein, which deed of trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that said deed of trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lease above described and to the leasehold estate created thereby; and

WHEREAS, Lender is willing to make said loan provided the deed of trust securing the same is a lien or charge upon said land prior and superior to the lease above described and to the leasehold estate created thereby and provided that Lessee will specifically and unconditionally subordinate and subject the lease above described, the leasehold estate created thereby together with all rights and privileges of Lessee thereunder, to the lien or charge of the deed of trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Lessee is willing that the deed of trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lease above described and to the leasehold estate created thereby.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

(1) That said deed of trust securing said note in favor of Lender, and any renewals and extensions thereof, shall unconditionally be and remain at all times a lien or charge on the land described therein, prior and superior to the lease above described, to the leasehold estate created thereby and to all rights and privileges of Lessee thereunder, and said lease, the leasehold estate created thereby together with all rights and privileges of Lessee thereunder is hereby subjected, and made subordinate, to the lien or charge of the deed of trust in favor of Lender.

(2) That Lender would not make its loan above described without this subordination agreement.

(3) That this agreement shall be the whole and only agreement with regard to the subjection and subordination of the lease above described and the leasehold estate created thereby together with all rights and privileges of Lessee thereunder to the lien or charge of the deed of trust in favor of Lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the lease and the deed of trust hereinbefore specifically described, any prior agreements as to such subjection or subordination, including, but not limited to, those provisions, if any, contained in the lease above described, which provide for the subjection or subordination of said lease and the leasehold estate created thereby to a deed or deeds of trust or to a mortgage or mortgages.

Lessee declares, agrees and acknowledges that

- (a) He consents to and approves (i) all provisions of the note and deed of trust in favor of Lender above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's Loan;
- (b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part; and
- (c) He intentionally and unconditionally waives, relinquishes, subjects and subordinates the lease above described, the leasehold estate created thereby together with all rights and privileges of Lessee thereunder in favor of the lien or charge upon said land of the deed of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment, subjection and 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 waiver, relinquishment, subjection and subordination.

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

Supply One, Inc., a Nevada corporation

Steiner Klamath Investors, Inc.,
a Nevada corporation

By: NAC Lessee

By: NAC Owner

Its: Sec/Treas

Its: Sec/Treas

(All signatures must be acknowledged)

STATE OF ~~CALIFORNIA~~ OREGON

COUNTY OF KLAMATH

} SS.

On July 19, 1995

before me,

DEBRA BUCKINGHAM

, personally appeared

N.A. PARINO, as Secretary/Treasurer of Supply One, Inc., a Nevada Corporation

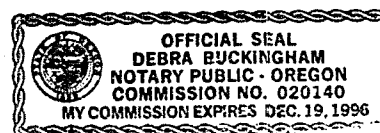
and as Secretary/Treasurer of Steiner Klamath Investors, Inc., a Nevada Corp.

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

COMMISSION EXPIRES: 12-19-96



Lessee

Owner

(All signatures must be acknowledged)

STATE OF CALIFORNIA

COUNTY OF

} SS.

On _____ before me,

, personally appeared _____

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

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This Form Furnished By Pacific Title Guaranty Company

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.
(SUBORDINATION FORM "D")

EXHIBIT "A"

PARCEL 1:

All that portion of Lot 70, ENTERPRISE TRACTS, in the County of Klamath, State of Oregon, described as follows:

Beginning at a point in the Southerly line of South Sixth Street as the same is presently located and constructed, at its intersection with a North-South line parallel with and 390 feet West of the East line of said Lot 70; thence South along said line a distance of 694.42 feet, more or less, to a point 17.5 feet East of the Southeast corner of tract of land conveyed by Marshall E. Cornett et ux., to Signal Oil Company by Deed recorded August 28, 1946 in Volume 194 at Page 435, Deed Records of Klamath County, Oregon, said point being the true point of beginning of this description; thence continuing South on said North-South line a distance of 280.7 feet, more or less, to the Northerly right of way line of the O.C. & E. Railroad; thence North 66 degrees 51' 15" West along said right of way line a distance of 156.65 feet to the Southwest corner of tract conveyed by Klamath Pine Lumber Co. to Marshall E. Cornett, et ux., by Deed recorded August 24, 1937, in Volume 111, Page 399, Deed Records of Klamath County, Oregon; thence North along West line of last described tract, a distance of 275 feet, more or less, to a point of intersection with the Westerly right of way line of Spur tract described as Parcel 2 in Deed to Richfield Oil Corporation, recorded June 24, 1941 in Volume 139 at Page 63, Deed Records of Klamath County, Oregon; thence Southeasterly along a 11 degree 30' curve to the left a distance of 52.5 feet, more or less, to its intersection with the South line, extended Westerly, of aforementioned tract conveyed to Signal Oil Company by Deed recorded in Volume 194 at Page 435; thence East along the South line and South line extended of last mentioned Parcel a distance of 139.6 feet, more or less, to the point of beginning.

LESS AND EXCEPTING a 17 foot strip deeded to Richfield Oil Company for a spur tract by Deed recorded in Volume 139 at Page 63, Deed Records of Klamath County, Oregon.

EXHIBIT "A" CONTINUED

Beginning at a point in the South line of Sixth Street at its intersection with a North and South line 390.0 feet West of the East line of Lot 70; thence South 706.5 feet; thence West 17.5 feet; thence North along a North and South line 407.5 feet West of the East line of Lot 70 a distance of 718.43 feet to the intersection of said line with the South line of Sixth Street; thence Southeast along said street line 21.2 feet to the point of beginning.

LESS AND EXCEPTING that portion conveyed to State of Oregon, by and through its State Highway Commission by Warranty Deed recorded March 28, 1942 in Volume 146 at Page 260, Deed Records of Klamath County, Oregon

PARCEL 2:

All that portion of Tracts 69 and 70, ENTERPRISE TRACTS, in the County of Klamath, State of Oregon, described as follows:

A strip of land 390 feet wide, East and West, bounded on the North by the Dallas-California Highway, on the South by the Northerly line of Oregon, California and Eastern Railway, on the East by the East line of Tracts 69 and 70 of Enterprise Tracts, and on the West by a line drawn parallel to and distant 390 feet West from the East boundary above described.

LESS AND EXCEPTING that portion conveyed to State of Oregon, by and through its State Highway Commission by Warranty Deed recorded August 7, 1943 in Volume 157 at Page 360, Deed Records of Klamath County, Oregon.

CODE 1 MAP 3909-4AA TL 6000

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 20th day
of July A.D., 19 95 at 3:34 o'clock P M., and duly recorded in Vol. M95
of Mortgages on Page 18823

FEE

\$30.00

By Bernetha G. Letson County Clerk