

Upon Recording Return to:

The Travelers Insurance Company
7170 No. Financial Drive, Suite 101
Fresno, CA 93720-2900
Attention: Ms. Karen Micheli

K-48616

Loan No. 205542

LEASE SUBORDINATION AGREEMENT

THIS AGREEMENT, made and entered into as of the 1st day of November, 1995, by BONANZA VIEW DAIRY, INC. ("Tenant"), whose address is Route 1, Box 202, Bonanza, Oregon 97623.

WITNESSETH:

WHEREAS, The Travelers Insurance Company, a Connecticut corporation ("Mortgagee"), whose address is 7170 North Financial Drive #101, Fresno, California 93720, has agreed to modify a mortgage loan in the amount of \$1,640,000.00, to ELSON deJONG, DITA deJONG, ARIE deJONG, and JENNEKE deJONG ("Mortgagor"), whose address is 4721 Harpold Road, Bonanza, Oregon 97623, repayment of which is secured by a Deed of Trust or Mortgage, as modified (herein referred to as "Mortgage"), on real estate (the "Premises") all as more fully described in Exhibit "A" attached hereto; and

WHEREAS, the Mortgage, as modified, is to be recorded in the county where the Premises are situated; and

WHEREAS, Tenant is the present lessee under a lease dated July 1, 1988, recorded July 10, 1988, Volume M88, page 11558, Records of Klamath County, Oregon, made by Elson deJong and Dita deJong, as Landlord, demising all or a portion of the Premises, (said lease and all amendments thereto are hereafter referred to as the "Lease"); and

WHEREAS, as a condition precedent to Mortgagee's modification of the loan, Mortgagee has required that Tenant subordinate the Lease and its interest in the Premises in all respects to the lien of the Mortgage, as modified; and

WHEREAS, it will be of substantial benefit to Tenant for Mortgagee to modify the loan; and

WHEREAS, Mortgagee is modifying the loan in reliance upon the agreements contained in this Agreement.

NOW, THEREFORE, in consideration of the sum of \$1.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, it is hereby agreed as follows:

1. **SUBORDINATION.** The Lease, and the rights of Tenant in, to, or under the Lease and the Premises, are hereby subjected and subordinated and shall remain in all respects and for all purposes subject, subordinate, and junior to the lien of the Mortgage, as modified, and to the rights and interest of the from time to time holder of the Mortgage, as fully and with the same effect as if the Mortgage, as modified, had been duly executed, acknowledged, and recorded, and the indebtedness secured thereby had been fully disbursed prior to the execution of the Lease or possession of the Premises by Tenant, or its predecessors in interest.

2. **RELIANCE BY MORTGAGEE.** The Tenant is executing this instrument in order to induce Mortgagee to modify the loan secured by the Mortgage, and the Tenant further agrees that the loan modification by Mortgagee shall constitute conclusive reliance by Mortgagee upon this Agreement and the provisions hereof and the subordination effected hereby.

3. **FORECLOSURE.** In the event action is taken to foreclose the lien of the Mortgage, as modified, either pursuant to a power of sale or by judicial proceedings, or by deed in lieu of foreclosure, quit claim, or like action, Mortgagee, or any subsequent purchaser, shall not be required to recognize the rights of Tenant under the Lease and the rights of Tenant thereunder, including any options thereunder, shall, at the sole election of and upon notice by Mortgagee, cease and terminate upon acquisition of title to or upon possession of the Premises by Mortgagee, or its successors and assigns, including any purchaser at a foreclosure sale.

4. **PURCHASE OPTIONS.** Any option or rights contained in the Lease to acquire title to the Premises are hereby made subject and subordinate to the rights of Mortgagee under the Mortgage, as modified, and any acquisition of title to the Premises made by Tenant during the term of the Mortgage, as modified, shall be made subordinate and subject to the Mortgage, as modified.

5. **SUCCESSORS AND ASSIGNS.** This Agreement and each and every covenant, agreement, and other provisions hereof shall be binding upon the Tenant and its heirs, administrators, representatives, successors, and assigns, including without limitation each and every from time to time holder of the Lease or any other person having an interest therein and shall inure to the benefit of Mortgagee and its successors and assigns.

6. **CHOICE OF LAW.** This Agreement is made and executed under and in all respects is to be governed and construed by the laws of the state where the Premises are situated.

7. **CAPTIONS AND HEADINGS.** The captions and headings of the various sections of this Agreement are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and the masculine, feminine, and neuter shall be freely interchangeable.

8. **COUNTERPART.** 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 Tenant has caused this Agreement to be executed as of the date first above.

TENANT: BONANZA VIEW DAIRY, INC.

By: [Signature]
Its: Pres

By: [Signature]
Its: Secretary

STATE OF OREGON)
County of Klamath)ss.

On November 27, 1995, personally appeared Gris Jeanne DeJong and [Signature], personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities as the President and Secretary of BONANZA VIEW DAIRY, INC., and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.



[Signature]
Notary Public for Oregon
My Commission Expires: 5-4-98

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Company the 1st day of December A.D., 19 95 at 3:48 o'clock PM., and duly recorded in Vol. M95, of Deeds on Page 33005.

FEE \$40.00

By [Signature]
Bernetha G. Letsch, County Clerk