

Travelers Loan No. 207017-0

MTC 45772-KR
SUBORDINATION AGREEMENT

THIS AGREEMENT, dated as of the 20th day of January, 1999, is between HARRY OREM and GARY OREM (collectively "Tenant"), whose address is 14980 Hwy 50, Merrill, OR 97633, and THE TRAVELERS INSURANCE COMPANY, a Connecticut corporation ("Beneficiary"), whose address is One Tower Square 9PB, Hartford, Connecticut 06183-2030, or at such other place as Holder may from time to time designate in writing.

RECITALS:

- A. Beneficiary has agreed to make a loan in the amount of Seven Hundred Thousand Dollars (\$700,000.00) to WC RANCH, INC., MICHAEL B. WRAY, JOHN W. DEY, and NANCY L. DEY ("Grantor"), whose address is 17356 Hill Road, Klamath Falls, Oregon 97601, repayment of which is to be secured by a Deed of Trust (the "Deed of Trust") on the real estate (the "Premises") that is more fully described in Exhibit "A" attached hereto.
- B. The Deed of Trust is to be recorded in the County where the Premises are situate.
- C. Tenant is the present lessee under a lease dated November 1, 1986, made by WC Ranch, Inc., as Landlord, demising a portion of the Premises, (said lease and all amendments thereto herein referred to as "Lease").
- D. As a condition precedent to Beneficiary's disbursement of loan proceeds, Beneficiary has required that Tenant subordinate the Lease and its interest in the Premises in all respects to the lien of the Deed of Trust.
- E. It will be of benefit to Tenant for Beneficiary to disburse the loan proceeds.
- F. Beneficiary is disbursing the loan proceeds in reliance upon the agreements contained in this Agreement.

NOW, THEREFORE, in consideration of the recitals described above, which are incorporated as part of the agreement between the parties, 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 all right, title, and interest 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 Deed of Trust, and to the rights and interest of the from time-to-time holder of the Deed of Trust, as fully and with the same effect as if the Deed of Trust 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 BENEFICIARY. The parties are executing this instrument in order to induce Beneficiary to disburse the indebtedness secured by the Deed of Trust, and the parties further agree that the disbursement by Beneficiary of all or any part of the indebtedness shall constitute conclusive reliance by Beneficiary upon this instrument and the provisions hereof and the subordination effected hereby.

3. BENEFICIARY NOT BOUND BY CERTAIN ACTS OF LANDLORD. If Beneficiary shall succeed to the interest of Landlord under the Lease, Beneficiary shall not be liable for any act or omission of any prior landlord (including Grantor); 2) nor be subject to any offsets or defenses which Tenant might have against any prior landlord (including Grantor); 3) nor be bound by any rent or additional rent which Tenant might have paid for more than the then current installment; 4) nor be obligated for repayment of any security deposit which has not been previously paid to Beneficiary; 5) nor be bound by any amendment or modification of the Lease made without Beneficiary's consent.

4. PURCHASE OPTIONS. Any options or rights contained in the Lease to acquire title to the Premises are hereby made subject and subordinate to the rights of Beneficiary under the Deed of Trust and any acquisition of title to the Premises made by Tenant during the term of the Deed of Trust shall be made subordinate and subject to the Deed of Trust.

5. SUCCESSORS AND ASSIGNS. This Agreement and each and every covenant, agreement, and other provisions hereof shall be binding upon the parties hereto and their 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 Beneficiary 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 situate.

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. NOTICES. Any notice which any party to the Lease may desire or may be required to give to any other party shall be in writing and sent by certified mail, or equivalent, to

the addresses as set forth above, or to such other places any party hereto may by notice in writing designate. Beneficiary, if it shall succeed to the interest of Landlord under the Lease, shall not be bound by any notice given by Tenant to any prior landlord (including Grantor) unless a copy of the notice was sent to Beneficiary.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above.

TENANT:

Harry Orem

Gary Orem

BENEFICIARY:

THE TRAVELERS INSURANCE COMPANY

David E. Dunlap
By: David E. Dunlap
Its: Vice President

[Notary acknowledgments on following page]

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TENANT:

BENEFICIARY:

Harry Oren:

THE TRAVELERS INSURANCE COMPANY


Harry OrenBy: _____
Its: _____

[Notary acknowledgments on following page]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

3400

No. 6807

State of California

County of Fresno

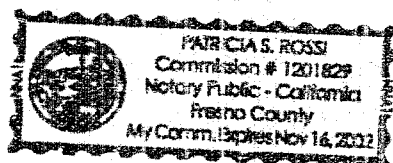
On January 22, 1999 before me, Patricia S. Rossi, Notary

NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared David E. Dunlap

NAME(S) OF SIGNER(S)

☐ 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.

Patricia S. Rossi
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ INDIVIDUAL
☒ CORPORATE OFFICER

Vice President

TITLE(S)

- ☐ PARTNER(S) ☐ LIMITED
☐ ATTORNEY-IN-FACT ☐ GENERAL
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(ES): _____

DESCRIPTION OF ATTACHED DOCUMENT

SUBORDINATION AND
INTERCREDITOR AGREEMENT

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

3401

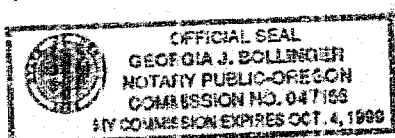
STATE OF OREGON)
) ss.
 County of _____)

This instrument was acknowledged before me on January _____, 1999, by Harry Orem, an individual.

 Notary Public for ~~Oregon~~
 My Commission expires: _____

STATE OF OREGON)
) ss.
 County of Wheath)

This instrument was acknowledged before me on January 21, 1999, by Gary Orem, an individual.



Georgia J. Bollinger
 Notary Public for Oregon
 My Commission expires: 10/4/99

STATE OF CONNECTICUT)
) ss:
 County of Hartford)

On this _____ day of March, 1993, before me, the undersigned, a Notary Public in and for the State of Connecticut duly commissioned and sworn, personally appeared _____ to me known to be the _____ of THE TRAVELERS INSURANCE COMPANY, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he or she was authorized to execute the said instrument and that the seal, if affixed, is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

 Notary Public in and for the State of
 Connecticut residing at Hartford
 My appointment expires: _____

4. SUBORDINATION AGREEMENT

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3402

the addresses as set forth above, or to such other places any party hereto may by notice in writing designate. Beneficiary, if it shall succeed to the interest of Landlord under the Lease, shall not be bound by any notice given by Tenant to any prior landlord (including Grantor) unless a copy of the notice was sent to Beneficiary.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above.

TENANT:

Harry Orem
Harry Orem

BENEFICIARY:

THE TRAVELERS INSURANCE COMPANY

Gary Orem

By: _____
Its: _____

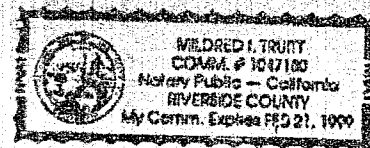
[Notary acknowledgments on following page]

3- SUBORDINATION AGREEMENT

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CALIFORNIA
STATE OF OREGON

County of Russell



This instrument was acknowledged before me on January 20, 1999, by Harry Orem, an individual.

Mildred I. Truitt
Notary Public for ~~California~~ CALIFORNIA
My Commission expires: 2-21-99

STATE OF OREGON

County of _____

This instrument was acknowledged before me on January _____, 1999, by Gary Orem, an individual.

Notary Public for Oregon
My Commission expires: _____

STATE OF CONNECTICUT

County of Hartford

On this _____ day of March, 1999, before me, the undersigned, a Notary Public in and for the State of Connecticut duly commissioned and sworn, personally appeared _____ to me known to be the _____ of THE TRAVELERS INSURANCE COMPANY, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he or she was authorized to execute the said instrument and that the seal, if affixed, is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Notary Public in and for the State of
Connecticut residing at Hartford
My appointment expires: _____

4. SUBORDINATION AGREEMENT

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DESCRIPTION OF REAL PROPERTY

The following described property situated in Township 40 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

- Section 16: S1/2 NE1/4, N1/2 SE1/4; N1/2 SE1/4 SE1/4; S1/2 SE1/4 SE1/4; SE1/4 NW1/4; NE1/4 SW1/4 and SW1/4 SE1/4
 Section 21: Government Lot 4
 Section 22: NW1/4 NW1/4; S1/2 NW1/4; NW1/4 SW1/4, EXCEPTING that portion Southerly of Hill Road; E1/2 SW1/4; W1/2 SE1/4; SW1/4 SW1/4
 Section 23: E1/2 W1/2; W1/2 NE1/4 and NW1/4 SE1/4
 Section 26: NE1/4 NW1/4
 Section 27: Government Lots 5, 6, 7, 8 and 9; SE1/4 SE1/4; N1/2 NW1/4; SE1/4 NW1/4; W1/2 NE1/4

LESS the following: Beginning at a 5/8 inch iron pin marking the Northeast corner of the NW1/4 NE1/4 of said Section 27; thence South 00 degrees 33' 36" West, along the East line of said NW1/4 NE1/4 of said Section 27, 1,382.64 feet, more or less, to the Northerly right of way line of Hill Road, a county road; thence Northwesterly along the Northerly right of way line of said Hill Road 1300 feet, more or less, to a one-inch iron pin at the intersection of said right of way line with a fence running Northeast; thence along said fence and the Northeasterly projection thereof North 42 degrees 12' 33" East 542.46 feet to a one-inch iron pin set in the center of a dirt road; thence leaving said fence line North 35 degrees 05' 31" East 391.34 feet to a point on the North line of said Section 27, said point being marked by a one-inch iron pin; thence North 89 degrees 58' 17" East along the said North line of said Section 27, 420.87 feet to the point of beginning.

AND ALSO SAVING AND EXCEPTING THEREFROM a parcel of land situated in the SE1/4 SE1/4, in Lot 5, and in Lot 6 all being in Section 27, Township 40 South, Range 10 East of the Willamette Meridian, and being more particularly described as follows: Beginning at a point where the South line of said Section 27 intersects the Westerly right of way line of the Burlington Northern Railroad, from which the Southeast corner of said Section 27 bears South 89 degrees 38' 24" East, 1097.43 feet; thence North 28 degrees 45' 24" West, along said right of way line, 1029.75 feet; thence South 61 degrees 14' 36" West 50.00 feet; thence North 28 degrees 45' 24" West, 655.60 feet; thence along the arc of a 5629.65 foot radius curve to the left (delta equals 01 degrees 10' 05"), 114.77 feet to the South line of a drainage easement; thence South 57 degrees 42' West along the South line of said drainage easement, 275.64 feet, more or less, to a point on the mean high water line of the left bank of Lost River; thence Southeast along said mean high water line to a point on the South line of said Section 27; thence South 89 degrees 38' 24" East, along said South line 751.73 feet, more or less, to the point of beginning.

Section 28: Government Lot 4

EXCEPTING FROM the above described lands, Right of Way for Great Northern Railroad as set out in Transcript of Decree dated June 6, 1931, recorded November 2, 1931 in Volume 96, Page 246 Deed Records of Klamath County, Oregon.

ALSO EXCEPTING THEREFROM that portion lying within public roads and highways and within the USBR canals and drains.

STATE OF OREGON - COUNTY OF KLAMATH:

Filed for record at request of AmeriTitle the 29th day
 of January A.D. 1999 at 11:54 o'clock AM., and duly recorded in Vol. M99
 of Mortgages on Page 3396

Linda Smith, County Clerk

FEE \$50.00

by Kathleen Rosa