

99 APR 27 P3:45

Vol M99 Page 15810

When Recorded Return To:

United States Small  
Business Administration  
Attn: S Winters  
2719 North Air Fresno  
Drive, Suite 107  
Fresno, CA 93727-1547

Name: Reach, Inc.  
Loan No.: 5619933003

MTC 47706

space above line for recorder

### SUBORDINATION AGREEMENT

Notice: This subordination agreement results in your security interest in the property becoming subject to and of lower priority than the lien of some other or later security instrument

THIS AGREEMENT is dated for reference March 29, 1999, and is between Reach, Incorporated, owner(s) of the land described in the Deeds of Trust referenced below ("Owner"), U.S. Bank ("Lender") and the SMALL BUSINESS ADMINISTRATION, an agency duly created under and by virtue of an Act of Congress, having its principal office in Washington, in the District of Columbia, and a Commercial Loan Servicing Center at 2719 North Air Fresno Drive, Suite 107, Fresno, California 93727 (hereinafter called "SBA").

SBA is the present holder and beneficiary of that/those certain deed(s) of trust, dated July 22, 1993, to secure a note or notes in the sum of \$350,000 ("SBA Deed(s) of Trust"). The SBA Deed(s) of Trust was/were recorded on July 23, 1993 in Volume M93 at Page 17914, Klamath County Official Records.

Owner has also executed, or is about to execute, a deed of trust securing a note in a sum not to exceed \$1,850,000, in favor of Lender ("Lender's Deed of Trust"). Lender's Deed of Trust shall be recorded concurrently herewith.

As a condition precedent to Lender's performance, the SBA Deed(s) of Trust must be subordinated to the Lender's Deed of Trust. SBA is willing to subordinate the lien(s) of the SBA Deed(s) of Trust provided it retains its lien priority with regard to all other legal or equitable interests in the property.

In consideration of the mutual benefits to the parties and to induce Lender to make a loan to Owner, it is hereby agreed as follows:

(1) Lender's Deed of Trust, and any renewals or extensions thereof, shall be a lien on the property prior to the lien of the SBA Deed of Trust.

15811

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

(3) Lender will not make any additional advances under Lender's Deed of Trust except such disbursements which become necessary to protect its security interest and for which Owner is liable under Lender's Deed of Trust and note. Any lien upon the property securing repayment of additional advances or monies due as a result of a default interest rate shall be subordinate to the lien of the SBA Deed of Trust.

(4) This agreement shall be the whole and only agreement with regard to the subordination of the SBA Deed of Trust to Lender's Deed of Trust.


(5) Except as expressly provided herein, this agreement shall not operate or be construed to alter the priority of the SBA Deed of Trust with regard to any legal or equitable interest in the property. Owner and Lender shall hold SBA harmless from any impairment of its lien (with regard to any third party) which is occasioned by this subordination.

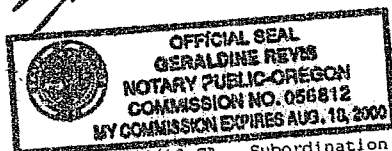
(6) A default in the obligation secured by the Lender's Deed of Trust may be cured (including purchase of the property at foreclosure sale) by the SBA via cash, certified funds or a United States Treasury check, at the option of the SBA. Provisions for a so-called "default rate of interest" or any similar penalty payment that may be contained within the Lender's Deed of Trust are inapplicable to SBA.

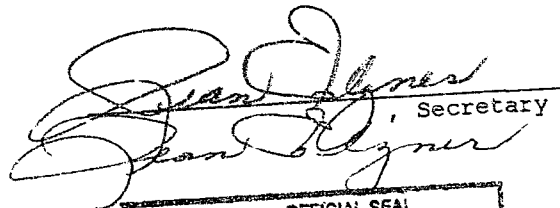
(7) This subordination agreement is void if not duly executed by Owner, Lender, SBA, the SBA Borrower(s) and all Guarantors of the SBA loan.

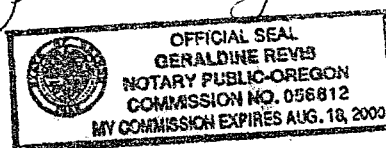
Notice: This subordination agreement contains a provision which may allow the person obligated on your real property security to obtain a loan a portion of which may be expended for other purposes than improvement of the land.

Reach, Incorporated

  
Lynn Colwin, President



  
Geraldine Revis, Secretary



15812

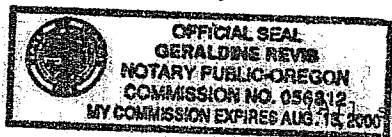
LENDER

ADMINISTRATOR, UNITED STATES  
SMALL BUSINESS ADMINISTRATION,  
AN AGENCY OF THE UNITED STATES

By [Signature]  
(Please type or print name and title)



[Signature]  
F. Keith Bufano  
Supervisory Loan Specialist

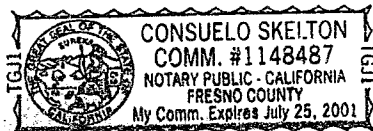


signatures must be acknowledged)

State of California  
County of Fresno

On Mar 29, 1999 before me, Consuelo Skeeton, a Notary Public, personally appeared F. Keith Bufano, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

Signature [Signature]



STATE OF OREGON : COUNTY OF KLAMATH: SS.

Filed for record at request of Ameri title the 27th day of April A.D., 1999 at 3:45 o'clock P. M., and duly recorded in Vol. M99 of Mortgages on Page 15810

FEE \$20.00

Linda Smith, County Clerk  
by [Signature]