

99 APR 27 P3:45

MTC 47706

Vol M99 Page 15813

**SOUTH CENTRAL OREGON REGIONAL STRATEGIES BOARD
SUBORDINATION AGREEMENT**

DATE:

April 26, 1999

THIS AGREEMENT is dated for reference April 26, 1999, and is between Reach, Inc., owner of the land described in the Deeds of Trust referenced below ("Owner"), U.S. Bank ("Lender"), and the South Central Oregon Regional Strategies Board, an organization created under ORS 190 through an intergovernmental agreement between Harney, Lake, and Klamath counties dated December 5, 1994. This agreement and subsequent modifications are by this reference incorporated herein.

The South Central Oregon Regional Strategies Board is the present holder and beneficiary of that certain deed of trust, dated November 3, 1997, to secure a grant in the sum of \$198,500 ("South Central Oregon Regional Strategies Board Deed of Trust"). The South Central Oregon Regional Strategies Board Deed of Trust was recorded on April 29, 1998 in Volume M98 at Page 14383, 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 South Central Oregon Regional Strategies Board Deed of Trust must be subordinated to the Lender's Deed of Trust. The South Central Oregon Regional Strategies Board is willing to subordinate the lien(s) of the South Central Oregon Regional Strategies Board Deed 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 South Central Oregon Regional Strategies Board Deed of Trust.
- (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 South Central Oregon Regional Strategies Board Deed of Trust.

15814

ACKNOWLEDGMENT

STATE OF OREGON)
 County of Klamath) SS.

I certify that I know or have satisfactory evidence that Lynn Corwin, President and Jean Elzner, Secretary of REACH, Inc., signed this instrument, on oath stated that he/she is authorized to execute this instrument, and acknowledged it as Grantor to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

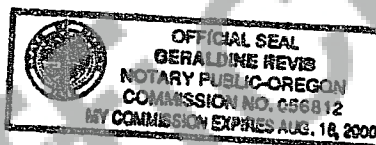
Before me:

Jean Elzner

Place Seal Here

Geraldine Revis
 Notary Public for Oregon
 My Commission Expires Aug. 18, 2000

STATE OF OREGON)
 County of Klamath) SS.



I certify that I know or have satisfactory evidence that Jane O'Keeffe, Chair of the South Central Oregon Regional Strategies Board, signed this instrument, on oath stated that he/she is authorized to execute this instrument, and acknowledged it as Beneficiary to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

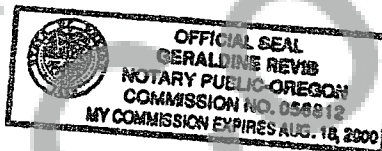
Before me:

Jane O'Keeffe

Place Seal Here

Geraldine Revis
 Notary Public for Oregon
 My Commission Expires Aug. 18, 2000

STATE OF OREGON)
 County of Klamath) SS.



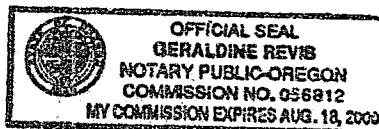
I certify that I know or have satisfactory evidence that *Stacia G. Scher*, of U.S. Bank, signed this instrument, on oath stated that he/she is authorized to execute this instrument, and acknowledged it as Lender to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

Before me:

Stacia G. Scher

Place Seal Here

Geraldine Revis
 Notary Public for Oregon
 My Commission Expires Aug. 18, 2000



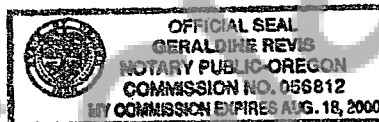
15815

- (4) This agreement shall be the whole and only agreement with regard to the subordination of the South Central Oregon Regional Strategies Board 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 South Central Oregon Regional Strategies Board Deed of Trust with regard to any legal or equitable interest in the property. Owner and Lender shall hold the South Central Oregon Regional Strategies Board harmless from any impairment of its lien (with regard to any third party) which is occasioned by this subordination.
- (6) This subordination agreement is void if not duly executed by Owner, Lender, and the South Central Oregon Regional Strategies Board.

GRANTOR: REACH, Inc.

By Lynn Corwin
Lynn Corwin, President

By Jean Elzner
Jean Elzner, Secretary



LENDER: U.S. Bank

By [Signature]
Name, Title

SOUTH CENTRAL OREGON REGIONAL STRATEGIES BOARD

By Jane O'Keefe
Jane O'Keefe, Chair

Regional Strategies Program
Subordination Agreement
Page 2

Post-it Fax Note	7671	Date	4-26-99	# of pages	1
To	MARC	From	Jane O'KEEFE		
Co. Dept.	CATC	Co	LAKE		
Phone #		Phone #			
Fax #	541-893-5265	Fax #	541-947-6015		

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle 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 15813

FEE \$20.00

by Linda Smith Linda Smith, County Clerk