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US Bank
740 Main St.
K. Falls, OR. 97101
Attn: Gloria Schnell

1999 JUN 21 AM 11: 29

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MTC 47706

SOUTH CENTRAL OREGON REGIONAL STRATEGIES BOARD SUBORDINATION AGREEMENT

DATE: April 26, 1999

* This document is being recorded to replace M99-15813 which was a fax copy.

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.

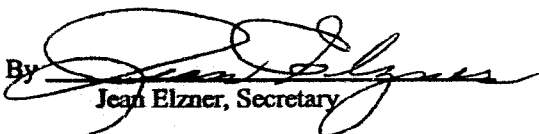
In consideration of the mutual benefits to the parties and to induce Lender to make a loan to Owner, it is hereby agreed as follows:

- (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.


- (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, President

By 
Jean Elzner, Secretary

LENDER: U.S. Bank

By 
Name, Title V. PRESIDENT

SOUTH CENTRAL OREGON REGIONAL STRATEGIES BOARD

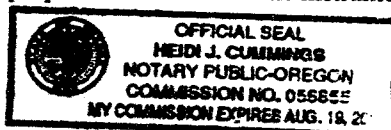
By 
Jane O'Keeffe, Chair

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:



Heidi Cummings
 Notary Public for Oregon
 My Commission Expires Aug 19, 2000

Place Seal Here

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

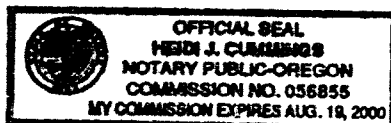


Jane O'Keeffe
 Notary Public for Oregon
 My Commission Expires 2-16-03

STATE OF OREGON)
 County of Klamath) SS.

I certify that I know or have satisfactory evidence that Gloria Schell, 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:



Heidi Cummings
 Notary Public for Oregon
 My Commission Expires Aug 19, 2000

Place Seal Here