

WHEREAS, on September 28, 1999 Agency conditionally approved the Loan in the amount of Eight Hundred Four Thousand Dollars and No Cents (\$804,000.00) and issued its conditional commitment to KFHA in which it agreed to make the Loan under certain terms and conditions;

WHEREAS it is a condition precedent to Agency making the Loan that KFHA shall enter into a loan agreement with Agency ("Loan Agreement") and give Agency a promissory note for the loan amount to evidence the Loan ("Note"), and that Note shall be secured by a deed of trust and UCC-1 financing statement to Farmers Home Administration, United State Department of Agriculture, acting through the State Director of the Farmers Home Administration for the State of Oregon, as trustee, naming Agency as beneficiary and secured party, ("Agency Deed and Financing Statement"), and the Agency Deed and Financing Statement must unconditionally be and remain at all times during the term of the Loan a first position lien or charge upon the Property;

WHEREAS it is to the mutual benefit of the parties hereto that Agency make the Loan and RCAC is willing to subordinate its RCAC Deed and RCAC Financing Statement to the Agency Deed and Financing Statement;

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce Agency to enter into the Loan, the parties hereto declare, understand and agree:

1. That the Agency Deed securing the Loan as well as all other obligations recited therein as being secured thereby, and any renewals or extensions thereof, unconditionally shall be and remain at all times a lien or charge upon the Property prior and superior to the lien or charge of the RCAC Deed and RCAC Financing Statement;
2. That Agency would not enter into the Loan Agreement nor make the Loan without this Agreement;
3. That this Agreement shall be the whole and only agreement with regard to the subordination of the RCAC Deed and RCAC Financing Statement in favor of the Agency Deed and Financing Statement, and this Agreement shall supersede and cancel, but only insofar as would affect the priority between the RCAC Deed and RCAC Financing Statement and the Agency Deed and Financing Statement, any prior agreement as to such subordination, including but not limited to, those provisions, if any, contained in the RCAC Deed and RCAC Financing Statement which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

RCAC declares, agrees and acknowledges that:

1. It consents to the Loan and approves all provisions of the Loan Agreement, Note and Lender Deed;
2. It intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the RCAC Deed and RCAC Financing Statement in favor of the Agency Deed, as to the Loan as well as all other obligations recited therein as being secured thereby, and

understands that in reliance upon and in consideration of this waiver, relinquishment and subordination, specific monetary and other obligations are being made and will be entered into which would not be made or entered into but for Agency's reliance upon this waiver, relinquishment and subordination.

The parties hereto further agree:

1. This Agreement may be executed in any number of separate counterparts, each of which shall be deemed an original, and all of which counterparts taken together shall constitute one agreement; and
2. This Agreement will be governed by or construed in accordance with the laws of the State of Oregon and federal law, where applicable.

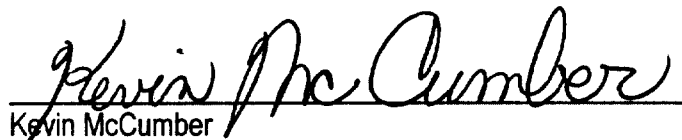
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Klamath Falls Housing Authority,
a Oregon Public Agency



Wayne Connors
Executive Director

Rural Community Assistance Corporation,
A California nonprofit public benefit corporation



Kevin McCumber
Chief Financial Officer

United States Department of Agriculture

By: _____

Name: _____

Title: _____

Exhibit A

4371

RCAC Loan Number 0227-KHA-01

Parcel 1 of Land Partition No. 8-00 on file in the office of Klamath County Clerk, being a partition of Parcel 2 of Land Partition 58-94, on file in the office of the Lkamath County Clerk, situated in the SE1/4 NE1/4 of Section 14, Township 39 South, Range 9 East, Willamette Meridian, Klamath County, Oregon.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of

YOLO

} ss.

On Jan. 31, 2001, before me, Diane Tang - Notary Public

Date

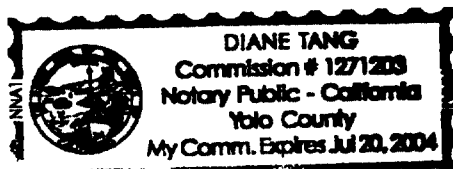
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Kevin McCumber

Name(s) of Signer(s)

☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person ☒ whose name ☒ 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 ☒ on the instrument the person ☒, or
 the entity upon behalf of which the person ☒
 acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

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

Description of Attached Document

Title or Type of Document: Subordination AgreementDocument Date: 1/31/2001 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

State of Oregon, County of Klamath
 Recorded 02/02/01, at 3:28 p.m.
 In Vol. M01 Page 4368
Linda Smith,
 County Clerk Fee \$ 4.00