

'02 AUG 9 PM3:03

MTL 57488

Vol M02 Page 45031

When Recorded Return To:

COIC
Attn: Cherie Folkens
2363 SW Glacier Place
Redmond, OR 97756

Name: Cascade Automotive, Inc. dba
NAPA Auto Parts of Klamath Falls

Loan No: CDC-L WOB ME 928553999 OR
for recorder

State of Oregon, County of Klamath
Recorded 08/09/2002 3:03 P.M.
Vol M02. Pg 45031-34
Linda Smith, County Clerk
Fcc \$ 36⁰⁰ # of Pgs 4

space above line

SUBORDINATION AGREEMENT

THIS AGREEMENT is dated for reference July 30, 2002, and is between Washburn Properties, LLC, owner(s) of the land described in the Deed of Trust referenced below ("Owner"), US 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 or Mortgage(s), dated May 23, 1997, to secure a note or notes in the sum of \$242,000.00 ("SBA Security Instrument(s)"). The SBA Security Instrument was recorded on May 30, 1997 in Volume M97, Page 16631, and re-recorded on July 2, 1997 in Volume M97, Page 20685, in Klamath County, Oregon Official Records.

SBA is also the present holder and beneficiary of that certain Assignment of Lessor's Interest in Lease, dated May 23, 1997, to secure a note or notes in the sum of \$242,000.00 (SBA Security Instrument"). The SBA Security Instrument was recorded on May 30, 1997 in Volume M97, Page 16638 in Klamath County, Oregon Official Records.

Owner has also executed, or is about to execute, a Deed of Trust or Mortgage securing a note in a sum not to exceed \$334,000.00 in favor of Lender ("Lender's Security Instrument"). Lender's Security Instrument shall be recorded concurrently herewith.

As a condition precedent to Lender's performance, the SBA Security Instrument(s) must be subordinated to the Lender's Security Instrument. SBA is willing to subordinate the lien(s) of the SBA Security Instrument(s) 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 Security Instrument, and any renewals or extensions thereof, shall be a lien on the property prior to the

lien of the SBA Security Instrument(s).

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

(3) Lender will not make any additional advances under its Security Instrument except such disbursements that become necessary to protect its security interest and for which Owner is liable under Lender's Security Instrument and related loan documents.

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

(5) Except as expressly provided herein, this agreement shall not operate or be construed to alter the priority of the SBA Security Instrument(s) 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) All proceeds of Lender's loan shall be applied to satisfy debt secured by a lien(s) presently superior to the lien of the SBA Security Instrument(s), the following described uses: Pay off SunTrust Banks Trust Deed in the approximate amount of \$326,000.00

plus customary closing costs or for improvements to the property. Any other use of proceeds not described herein shall void this agreement.

(7) Lender shall provide notice to SBA of any default under the terms of the Lender's Security Instrument which remains uncured for 60 days. A default in the obligation secured by Lender's Security Instrument may be cured (including purchase of the property at or prior to foreclosure) by the SBA via cash, certified funds or a United States Treasury check, at SBA's option. Lender will not enforce any default provision in its Security Instrument to the detriment of the SBA, including, but not limited to, any provision regarding a default rate of interest.

(8) SBA's agreement to subordinate its lien interest to that of the Lender is expressly conditioned upon Lender's, Borrower's and Guarantor's execution of this subordination agreement. This subordination agreement is null and void if not duly executed by the foregoing parties.

(9) By executing this subordination agreement, the SBA does not waive federal immunity from state or local control, penalty, tax

or liability. As to the SBA Security Instrument, the Owner may not claim or assert against the SBA any state or local law to deny any obligation, defeat any claim of SBA or preempt federal law. The parties executing this agreement have obtained such independent legal or other advice as they have deemed necessary and have not relied upon the SBA, its agents, employees or attorneys in entering into this agreement.

Randall L. Nunes Member Debbie J. Nunes member
Randall L. Nunes, Member Debbie J. Nunes, Member

LENDER

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

U.S. BANK, N.A.

By: W. B. Hughitt

(please type or print name and title)

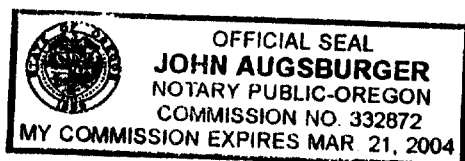
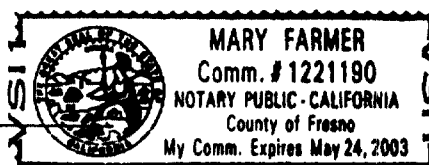
W. B. HUGHITT, V.P.

Gary A. Wamhof 7/3/02

Gary A. Wamhof
Sr. Loan Specialist

State of California
County of Fresno

On July 31, 2002 before me, MARY FARMER, a Notary Public, personally appeared GARY A. WAMHOF, 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 Mary farmer

STATE OF OREGON

COUNTY OF JACKSONPersonally appeared WILLIAM B. HUGHITTOn this 7th Day of AUGUST, 2002BEFORE ME: John Augsburger
Notary Public for OregonMy Commission Expires 3/21/04

45034

The undersigned Guarantor(s)/Borrower(s) hereby consent to all terms above and acknowledge their liability for the above referenced SBA loan is in no manner diminished by this agreement.

Randall L. Nunes
Randall L. Nunes, Individually

Debbie J. Nunes
Debbie J. Nunes, Individually

By: Debbie J. Nunes
Debbie J. Nunes, President
Cascade Automotive, Inc.

By: Randall L. Nunes
Randall L. Nunes, Secretary
Cascade Automotive, Inc.