

03 OCT 15 PM 3:23

1st 76501

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Bank of America, N.A.)
WA1-501-37-01)
800 Fifth Avenue, 37th Floor)
Seattle, Washington 98104)
)
Attn.:Linda Lukenbill)
Loan No.: 3142387 and 9392855110)

State of Oregon, County of Klamath
Recorded 10/15/03 3:23 p m
Vol M03 Pg 76896-76901
Linda Smith, County Clerk
Fee \$ 46.00 # of Pgs 6

Space above for Recorder's Use

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT RESULTS IN YOUR INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Agreement is made this 1st day of October, 2003 by and among McMahan's Furniture Co. – Klamath Falls, LLC ("Lessee") and McMahans of San Fernando ("Lessor") in favor of Bank of America, N.A. ("Bank").

WHEREAS, Lessor has executed a First Deed of Trust, Assignment of Rents, and Fixture Filing (the "First Deed of Trust") dated October 1, 2003, to PRLAP, Inc., as trustee, in favor of Bank, as beneficiary, which Deed of Trust will be recorded concurrently herewith in the Official Records of Klamath County, Oregon, to secure, among other things, a promissory note executed by G&S Co. ("Borrower") in the sum of Seven Million One Hundred Fifty Thousand Dollars (\$7,150,000), dated October 1, 2003 in favor of Bank.

WHEREAS, Lessor has executed a Second Deed of Trust, Assignment of Rents and Fixture Filing (the "Second Deed of Trust", and together with the First Deed of Trust collectively the "Deeds of Trust") dated October 1, 2003, to PRLAP, Inc., as trustee, in favor of Bank, as beneficiary, which Second Deed of Trust will be recorded concurrently herewith in the Official Records of Klamath County, Oregon, to secure, among other things, obligations of Borrower to Bank under a certain Business Loan Agreement dated as of October 1, 2003, providing for extensions of credit in an aggregate amount not exceeding Twenty-Five Million Dollars (\$25,000,000).

WHEREAS, Lessor and Lessee have entered into a lease (the "Lease") dated April 24, 2000, covering certain premises more particularly described in the Lease ("Premises") and also commonly known as 6320 South 6th Street, Klamath Falls, Oregon, as fully described in Exhibit A attached hereto and incorporated herein by reference.

WHEREAS, it is a condition to Bank's extending the credit facilities secured by the Deeds of Trust that the lien of the Deeds of Trust shall at all times be senior and prior to the interest of Lessee under the Lease.

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NOW, THEREFORE, Lessor and Lessee agree for the benefit of Bank as follows:

1. The lien of the Deeds of Trust securing the credit facilities in favor of Bank described above, and any renewals, extensions or modifications thereof, shall unconditionally be and remain at all times a lien prior and superior to the interest of Lessee under the Lease.
2. The Bank would not extend the credit facilities secured by the Deeds of Trust without this Subordination Agreement.
3. Lessee consents to and approves of all provisions of the Deeds of Trust, as the same may be amended from time to time.
4. Lessee intentionally and unconditionally waives, relinquishes and subordinates its interests under the Lease in favor of the lien of the Deeds of Trust and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific credit facilities will be extended and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

IN WITNESS WHEREOF, the undersigned have executed this Subordination Agreement as of the day and year first above written.

LESSEE: McMAHAN'S FURNITURE CO. – KLAMATH FALLS, LLC
an Oregon limited liability company

By: McMahan's of Lancaster,
a California corporation,
Its: Manager

By: _____

J. Taylor Ganz
Its Vice President

LESSOR: McMAHANS OF SAN FERNANDO
a California corporation

By: _____

J. Taylor Ganz
Its: Vice President

BANK: BANK OF AMERICA, N.A.

By: _____

Name: _____

Title: _____

[All signatures must be acknowledged]

ACKNOWLEDGMENT

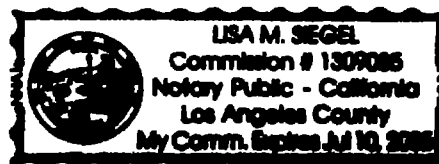
State of California)

County of Los Angeles)

On October 9, 2003, 20, before me, a Notary Public in and for said State, personally appeared J. Taylor GANZ, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) 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(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Lisa M. Siegel

(Seal)

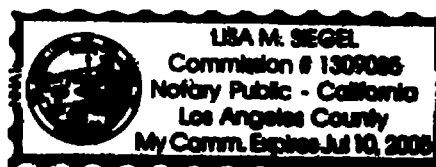
State of California)

County of Los Angeles)

On October 9, 2003, 20, before me, a Notary Public in and for said State, personally appeared J. Taylor GANZ, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) 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(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Lisa M. Siegel

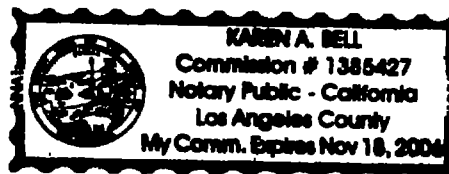
(Seal)

State of California)

County of Los Angeles)

On 10/14, 2023, before me, a Notary Public in and for said State, personally appeared Karen A. Bell, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) 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(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Karen A. Bell

(Seal)

EXHIBIT "A"
LEGAL DESCRIPTION

Real property in the County of Klamath, State of Oregon, described as follows:

Parcel 1:

A tract of land described as follows: Beginning at an iron pin which marks the Northeast corner of Tract 63 of Roland Park and which iron pin lies North 0°51' West along the 40 line a distance of 542.3 feet and North 89°09' East a distance of 287.2 feet from the iron axle which marks the Southwest corner of the NE 1/4 SW 1/4 of Section 1, Township 39 South, Range 9 East of the Willamette Meridian, and running thence North 45°09' East a distance of 299.6 feet to an iron pin which lies on the Southwesterly right of way line of the State Highway, 40 feet at right angles from the brass plug in the center line of the highway; thence in a Northwesterly direction following a 3°11' curve to the left along the Southwesterly right of way line of the State Highway a distance of 150 feet (the long chord of this curve bears North 48°32' West a distance of 149.96 feet) to an iron pin; thence South 45°09' West a distance of 221.6 feet to an iron pin; thence South 20°18' East a distance of 164.5 feet, more or less, to the point of beginning, said tract being a portion of the NE 1/4 SW 1/4 of Sec. 1, Twp. 39 S., R. 9 E.W.M., and

Beginning at an iron pin which marks the Southeast corner of Tract 63, Roland Park, and which iron pin lies North 0°51' West along the 40 line a distance of 462.3 feet and North 89°09' East a distance of 262.2 feet from the iron axle which marks the Southwest corner of the NE 1/4 SW 1/4 of Section 1, Township 39 South, Range 9 East of the Willamette Meridian, and running thence North 16°33' East along the Easterly line of above mentioned Tract 63, a distance of 83.8 feet to an iron pin; thence North 45°09' East a distance of 299.6 feet to an iron pin on the Southerly right of way line of the Klamath Falls- Lakeview Highway; thence following the Southerly right of way line of the highway the following bearings and distances; South 46°09' East a distance of 13.5 feet to an iron pin; thence North 43°51' East a distance of 10 feet to an iron pin; and South 46°09' East a distance of 216.5 feet to an iron pin; thence South 43°51' West a distance of 384 feet to an iron pin; thence North 46°09' West a distance of 198.4 feet more or less to the point of beginning, said tract in the NE 1/4 SW 1/4 of Section 1, Township 39 South, Range 9 East of the Willamette Meridian.

EXCEPTING THEREFROM, that tract conveyed to the State of Oregon in Deed recorded January 11, 1972 in Volume M-72 on page 342, Deed records of Klamath County, Oregon.

Parcel 2:

A tract of land situated in the NE 1/4 SW 1/4 of Section 1, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point situated N. 00°51' W. 462.3 feet, N. 89°06' E. 262.2 feet, and S. 46°09' E. 198.4 feet from the Southwest corner of the said NE 1/4 SW 1/4 of Section 1; thence continuing S. 46°09' E. 106.00 feet; thence N. 43°51' E. 150.00 feet; thence N. 46°09' W. 106.00 feet;

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thence S. 43°51' W. 150.00 feet to the point of beginning, containing 0.37 acres, with bearings based on recorded Survey No. 625, as recorded in the office of the Klamath County Surveyor.

Tax Parcel Number: R508105