

**RECORDATION REQUESTED BY:**

Wells Fargo Bank Northwest, National Association  
Greater Oregon - East McAndrews  
1320 E. McAndrews Road  
Medford, OR 97504

Vol M04 Page 00809**WHEN RECORDED MAIL TO:**

Wells Fargo Bank Northwest, National Association  
BBG-Bolse Loan Operations Center, MAC #U1851-015  
Attn: Collateral Monitoring, P.O. Box 8203  
Boise, ID 83707-2203

State of Oregon, County of Klamath  
Recorded 01/07/2004 3:22 p.m.  
Vol M04 Pg 00809-816  
Linda Smith, County Clerk  
Fee \$ 56.00 # of Pgs 8

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



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

**SUBORDINATION OF DEED OF TRUST**

**THIS SUBORDINATION OF DEED OF TRUST** dated December 23, 2003, is made and executed among James K. Ward, David V. Ward, Michelle Ann Ward and Michael Jason Ward ("Beneficiary"); Amerititle ("Trustee"); GLN Management, Inc. ("Borrower"); and Wells Fargo Bank Northwest, National Association ("Lender").

**SUBORDINATED INDEBTEDNESS.** Beneficiary has extended the following described financial accommodations (the "Subordinated Indebtedness") to GLN Management, Inc. ("Trustor"):

A Promissory Note in the amount of \$375,000.00 dated January 24, 2001 in favor of GLN Management, Inc.

**SUBORDINATED DEED OF TRUST.** The Subordinated Indebtedness is secured by a deed of trust dated December 26, 2003 from Trustor to Trustee in favor of Beneficiary (the "Subordinated Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Recorded February 1, 2001, M-01 on page 4194, records of Klamath County, Oregon assigned May 27, 2003, M-03 on Page 35575, records of Klamath County, Oregon.

**REAL PROPERTY DESCRIPTION.** The Subordinated Deed of Trust covers the following described real property (the "Real Property") located in Klamath County, State of Oregon:

See Exhibit "A", which is attached to this Subordination and made a part of this Subordination as if fully set forth herein.

The Real Property or its address is commonly known as 1945 Main Street, Klamath Falls, OR 97601. The Real Property tax identification number is R374366

**REQUESTED FINANCIAL ACCOMMODATIONS.** Beneficiary, who may or may not be the same person or entity as Trustor, and Borrower each want Lender to provide financial accommodations to Borrower (the "Superior Indebtedness") in the form of (A) new credit or loan advances, (B) an extension of time to pay or other compromises regarding all or part of Borrower's present indebtedness to Lender, or (C) other benefits to Borrower. Borrower and Beneficiary each represent and acknowledge to Lender that Beneficiary will benefit as a result of these financial accommodations from Lender to Borrower, and Beneficiary acknowledges receipt of valuable consideration for entering into this Subordination.

**LENDER'S LIEN.** As a condition to the granting of the requested financial accommodations, Lender has required that its deed of trust or other lien on the Real Property ("Lender's Lien") be and remain superior to the Subordinated Deed of Trust.

**NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:**

**SUBORDINATION.** The Subordinated Deed of Trust and the Subordinated Indebtedness secured by the Subordinated Deed of Trust is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to the lien of the Subordinated Deed of Trust. Beneficiary also subordinates to Lender's Lien all other Security Interests in the Real Property held by Beneficiary, whether now existing or hereafter acquired. The words "Security Interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**BENEFICIARY'S REPRESENTATIONS AND WARRANTIES.** Beneficiary hereby represents and warrants to Lender that Beneficiary has heretofore delivered to Lender a true, correct and complete copy of the Lease, which constitutes the entire agreement between the parties thereto and Beneficiary further acknowledges that the Lease is in full force and effect and that no default by Beneficiary or, to Beneficiary's knowledge, by other party under the terms and provisions of the Lease exists as of the date hereof.

**BENEFICIARY WAIVERS.** Beneficiary waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower; (D) to



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**SUBORDINATION OF DEED OF TRUST  
(Continued)**

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proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

**LENDER'S RIGHTS.** Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Beneficiary, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

**DEFAULT BY BORROWER.** If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. Any default by Borrower under the terms of the Subordinated Indebtedness also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.

**FACSIMILE AND COUNTERPART.** This document may be signed in any number of separate copies, each of which shall be effective as an original, but all of which taken together shall constitute a single document. An electronic transmission or other facsimile of this document or any related document shall be deemed an original and shall be admissible as evidence of the document and the signer's execution.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Subordination:

**Amendments.** This Subordination constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration of or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Beneficiary also will pay any court costs, in addition to all other sums provided by law.

**Authority.** The person who signs this Subordination as or on behalf of Beneficiary represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Beneficiary's security interests in Beneficiary's property, if any.

**Caption Headings.** Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

**Governing Law.** This Subordination will be governed by, construed and enforced in accordance with federal law and the laws of the State of Oregon. This Subordination has been accepted by Lender in the State of Oregon.

**Successors.** This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Beneficiary herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by Lender, nor any course of dealing between Lender and Beneficiary, shall constitute a waiver of any of Lender's rights or of any of Beneficiary's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.**

**EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED DECEMBER 23, 2003.**



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# SUBORDINATION OF DEED OF TRUST (Continued)

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**BORROWER:**

GLN MANAGEMENT, INC.

By: James K. Ward

James K. Ward, President of GLN Management, Inc.

By: Claudia L. Ward, Sec. Treas.

Claudia L. Ward, Secretary/Treasurer of GLN Management, Inc.

**BENEFICIARY:**x James K. Ward

James K. Ward, Individually

x David V. Ward

David V. Ward, Individually

x Michelle A. Ward

Michelle Ann Ward, Individually

x Michael Jason Ward

Michael Jason Ward, Individually

**TRUSTEE:****AMERITITLE**

By: \_\_\_\_\_

Authorized Signer for Amerititle

By: \_\_\_\_\_

Authorized Signer for Amerititle

**LENDER:**

x \_\_\_\_\_

Authorized Officer

**CORPORATE ACKNOWLEDGMENT**STATE OF OregonCOUNTY OF Klamath

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) SS

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On this 7th day of January, 2004, before me, the undersigned Notary Public, personally appeared James K. Ward, President of GLN Management, Inc., and known to me to be an authorized agent of the corporation that executed the Subordination of Deed of Trust and acknowledged the Subordination to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Subordination and in fact executed the Subordination on behalf of the corporation.

By: Sarah WisemanNotary Public in and for the State of OregonResiding at Klamath Falls, OR.My commission expires 10/16/06



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# **SUBORDINATION OF DEED OF TRUST (Continued)**

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## **CORPORATE ACKNOWLEDGMENT**

STATE OF OregonCOUNTY OF Klamath

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) SS  
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On this 7th day of January, 2004, before me, the undersigned Notary Public, personally appeared Claudia L. Ward, Secretary/Treasurer of GLN Management, Inc., and known to me to be an authorized agent of the corporation that executed the Subordination of Deed of Trust and acknowledged the Subordination to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Subordination and in fact executed the Subordination on behalf of the corporation.

By [Signature]  
Notary Public in and for the State of Oregon

Residing at Klamath Falls, OR  
My commission expires 10/16/06

## **INDIVIDUAL ACKNOWLEDGMENT**

STATE OF OregonCOUNTY OF Klamath

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) SS  
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On this day before me, the undersigned Notary Public, personally appeared James K. Ward, to me known to be the individual described in and who executed the Subordination of Deed of Trust, and acknowledged that he or she signed the Subordination as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 7th day of January, 2004.

By [Signature]  
Notary Public in and for the State of Oregon

Residing at Klamath Falls, OR  
My commission expires 10/16/06

## **INDIVIDUAL ACKNOWLEDGMENT**

STATE OF TexasCOUNTY OF El Paso

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) SS  
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On this day before me, the undersigned Notary Public, personally appeared David V. Ward, to me known to be the individual described in and who executed the Subordination of Deed of Trust, and acknowledged that he or she signed the Subordination as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 2nd day of JANUARY, 2004.

By [Signature]  
Notary Public in and for the State of TEXAS

Residing at 5817 NECHES AVE.  
My commission expires 01-22-2006





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# **SUBORDINATION OF DEED OF TRUST (Continued)**

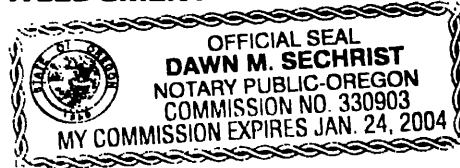
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## **INDIVIDUAL ACKNOWLEDGMENT**

STATE OF Oregon  
COUNTY OF Multnomah

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) SS  
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On this day before me, the undersigned Notary Public, personally appeared **Michelle Ann Ward**, to me known to be the individual described in and who executed the Subordination of Deed of Trust, and acknowledged that he or she signed the Subordination as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 5th day of Jan., 2004.

By Dawn M Sechrist Residing at 253, Scott Dr 416

Notary Public in and for the State of Oregon My commission expires 1-24-04

## **INDIVIDUAL ACKNOWLEDGMENT**

STATE OF Oregon  
COUNTY OF Klamath

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) SS  
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On this day before me, the undersigned Notary Public, personally appeared **Michael Jason Ward**, to me known to be the individual described in and who executed the Subordination of Deed of Trust, and acknowledged that he or she signed the Subordination as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 7th day of January, 2004.

By Michael Jason Ward Residing at Klamath Falls, OR

Notary Public in and for the State of Oregon My commission expires 10/18/08

## **CORPORATE ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

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) SS  
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On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_

and known to me to be (an) authorized agent(s) of the corporation that executed the Subordination of Deed of Trust and acknowledged the Subordination to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she/they is/are authorized to execute this Subordination and in fact executed the Subordination on behalf of the corporation.

By \_\_\_\_\_ Residing at \_\_\_\_\_

Notary Public in and for the State of \_\_\_\_\_ My commission expires \_\_\_\_\_



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**SUBORDINATION OF DEED OF TRUST  
(Continued)**

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**CORPORATE ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
 ) SS  
 COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_,

and known to me to be (an) authorized agent(s) of the corporation that executed the Subordination of Deed of Trust and acknowledged the Subordination to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she/they is/are authorized to execute this Subordination and in fact executed the Subordination on behalf of the corporation.

By \_\_\_\_\_ Residing at \_\_\_\_\_  
 Notary Public in and for the State of \_\_\_\_\_ My commission expires \_\_\_\_\_

**LENDER ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
 ) SS  
 COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_ and known to me to be the \_\_\_\_\_, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By \_\_\_\_\_ Residing at \_\_\_\_\_  
 Notary Public in and for the State of \_\_\_\_\_ My commission expires \_\_\_\_\_

**Exhibit "A"**

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

**Parcel 1:**

Beginning at a point on the Northerly line of Main Street, which is South 89°18' East a distance of 862.2 feet along the Northerly line of Main Street from the Southeast corner of Block 57, Second Hot Springs Addition to the City of Klamath Falls, Oregon, in the County of Klamath, State of Oregon; thence North 0°42' East a distance of 254.5 feet, more or less, to a point which is 20 feet distant Southwesterly at right angles from the Southwesterly line of the U.S.R.S. Canal right of way; thence South 68° 52' East and parallel with the Southwesterly line of said canal right of way and 20 feet distant Southwesterly at right angles therefrom a distance of 52.6 feet, more or less, to a point; thence South 0°42' West a distance of 234.5 feet, more or less to the Northerly line of Main Street; thence North 89°18' West along the Northerly line of Main Street a distance of 50 feet to the place of beginning, and

Beginning at a point on the Northerly line of Main Street, which is 89°18' East a distance of 912.2 feet along the Northerly line of Main Street from the Southeast corner of Block 57, Second Hot Springs Addition to the City of Klamath Falls, Oregon; thence North 0°42' East a distance of 234.5 feet, more or less, to a point which is 20 feet distant Southwesterly at right angles from the Southwesterly line of the U.S.R.S. Canal right of way; thence South 75°22 ½ ' East parallel with the Southwest line of said canal right of way and 20 feet distant Southwesterly at right angles therefrom a distance of 55 feet, more or less, to the Northwest corner of that parcel of land deeded to Dr. A. A. Soule, April 24, 1923; thence in a Southerly direction and parallel to Mortimer Avenue, a distance of 214. 8 feet, more or less, to the Northerly line of Main Street ; thence Westerly along the Northerly line of Main Street a distance of 50 feet to the place of beginning.

**Parcel 2:**

Beginning at a point which is South 89°19 East a distance of 1062.2 feet, East along the Northerly line of Main Street from the Southeasterly corner of Block 57, Second Hot Springs Addition to the City of Klamath Falls, Oregon, in the County of Klamath, State of Oregon; thence North 0°42' East a distance of 191.25 feet to a point which is 20 feet distant Southwesterly at right angles from the Southwesterly line of the U. S. Reclamation Service Main Canal Right of Way; thence in a Northwesterly direction and parallel with the Southwesterly line of said canal right of way and 20 feet distant at right angles therefrom a distance of 101.25 feet, more or less, to a point; thence South 0° 42' West a distance of 214 feet, more or less to the Northerly line of Main Street; thence South 89°18" East a distance of 100 feet to the place of beginning, lying and being in the unplatted portion of Williams Addition to the City of Klamath Falls, portion of Williams Addition to the City of Klamath Falls, Oregon, and in the S 1/2 of the SE 1/4 of the SW ¼ of Section 28, Township 38 South, Range 9 East of the Willamette Meridian.

**Parcel 3:**

Beginning at a point which is South 89°18' East a distance of 1067.2 feet along the Northerly line of Main Street from the Southeasterly corner of Block 57 of Second Hot Springs Addition to the City of Klamath Falls, Oregon

In the County of Klamath, State of Oregon; thence North  $0^{\circ}42'$  East a distance of 185.75 feet, more or less, to a point which is 20 feet distant Southwesterly at right angles from the Southwesterly line of the U.S. Reclamation Service Main Canal right of way; thence in a Northwesterly direction and parallel with the Southwesterly line of the said canal right of way and 20 feet distant at right angles therefrom a distance of 5.18 feet to the Northeast corner of that piece of land deeded to Eve Soule by Herbert Lang and Jennie Lang, as recorded in Volume 105 at Page 47 of Klamath County Deed Records; thence South  $0^{\circ}42'$  West a distance of 187.15 feet, more or less, to a point of the Northerly line of Main Street; thence South  $89^{\circ}18'$  East along the Northerly line of Main Street a distance of 5.0 feet to the point of beginning, lying and being in the unplatted portion of Williams Addition to the City of Klamath Falls, Oregon, and in the S  $\frac{1}{2}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  of Section 28, Township 38 South, Range 9 East of the Willamette Meridian.

Tax Parcel Number: R374366