

M05-71000

Klamath County, Oregon

12/13/2005 11:34:49 AM

Pages 4 Fee: \$36.00

After recording return to:
Bendich, Stobaugh & Strong
900 Fourth Avenue, #3800
Seattle, WA 98164

1st 714947

SUBORDINATION OF LEASE AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT. IT IS RECOMMENDED THAT PRIOR TO EXECUTION OF THIS SUBORDINATION AGREEMENT YOU CONSULT WITH YOUR ATTORNEY.

The undersigned subordinator agrees as follows:

1. MICHAEL C. THOMAS, DMD, P.C. and JEFFREY A. ENGLESTADTER, DMD, PC, referred to herein as "Subordinator", are the lessee of an unrecorded lease with Tetrad, LLC covering the premises located at:

See attached Exhibit "A"

A reference to this lease on June 25, 2004, under recording no. Volume M04, Page 41197, Records of Klamath County, Oregon.

2. Tetrad, LLC owns the real property described in Paragraph 1 and is referred to herein as "Owner."

3. Owner has executed, or is about to execute, a deed of trust in favor of Oregon Business Development Corporation ("CDC") to secure a note in the original principal amount of \$296,000. This deed of trust and note will be assigned by CDC to the United States Small Business Administration ("SBA"). The deed of trust will be referred to in this document as "the SBA Deed of Trust" and CDC and SBA will be referred to collectively as "Lender."

4. In consideration of benefits to Subordinator from Owner, receipt and sufficiency of which is hereby acknowledged, and to induce Lender to advance funds under the note and all agreements in connection therewith the Subordinator does hereby unconditionally subordinate its interest in the lease identified in paragraph 1 above to the lien of the SBA Deed of Trust, and all advances or charges made or accruing thereunder,

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including any extension or renewal thereof.

5. It is understood by the parties hereto that Lender would not make the loan secured by the SBA Deed of Trust without this agreement.

6. This agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of the lien or charge of the lease above mentioned to the SBA Deed of Trust and shall supersede and cancel any prior agreements as to such.

7. The heirs, administrators, assigns and successors in interest of the Subordinator shall be bound by this agreement. Gender and number of pronouns are considered to conform to undersigned.

EXECUTED this 9th day of December, 2005.

MICHAEL C. THOMAS, DMD, P.C.

By: [Signature]
Michael C. Thomas, President

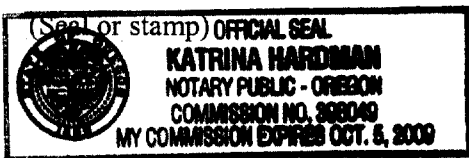
JEFFREY A. ENGLESTADTER, DMD, PC

By: [Signature]
Jeffrey A. Englestadter, President

State of Oregon)
County of Klamath) ss.

This instrument was acknowledged before me on 12/9/05, 2005, by Michael C. Thomas as President of MICHAEL C. THOMAS, DMD, P.C.

Dated: 12/9/05



[Signature]
NOTARY PUBLIC in and for the State of
Oregon, residing at Klamath Falls
My commission expires: Oct 5, 2009

State of Oregon)
County of Klamath) ss.

This instrument was acknowledged before me on 12/9, 2005, by
Jeffrey A. Englestadter as President of JEFFREY A. ENGLESTADTER, DMD, PC.

Dated: 12/9/05



Katrina Hardman
NOTARY PUBLIC in and for the State of
Oregon, residing at Klamath Falls
My commission expires: Oct 5, 2009

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Exhibit "A"

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

Being a portion of Tract 39B and 40A of Enterprise Tracts, being more particularly described as follows:

Beginning at a 5/8 Inch Iron rod, from which a steel axle marking the Northwest 1/16 corner of Section 34, Township 38 South, Range 9 East of the Willamette Meridian, bears North 84°07'43" East 311.80 feet; thence South 12°41'11" West 403.39 feet to a 5/8 inch Iron rod on the Northeasterly right of way line of the Oregon State Highway No. 39 (Eastside Bypass) at centerline station 151+49.7; thence along the Northeasterly right of way line as follows: Northwest along a Spiral Curve to the left 249.70 feet to a 5/8 inch Iron rod (centerline station 149+00); thence North 45°02'07" East 15.00 feet to a 5/8 inch iron rod (centerline station 149+00); thence Northwest along a Spiral Curve to the left 155.48 feet to a 5/8 Inch Iron rod (centerline station P.C.S. 147+55.3); thence along the arc of a curve to the left 138.72 feet (Central Angle 6°15'09", Radius 1270.92 feet, chord bears North 53°02'29" West 138.62 feet) to a 5/8 inch Iron rod, said point being the intersection of the said Northeasterly right of way line and the Southerly right of way line of Beverly Drive; thence leaving said right of way line, along the Southerly right of way line of Beverly Drive, North 89°39'0" East 476.84 feet to the point of beginning.

LESS AND EXCEPTING any portion lying within Foothill Blvd. also known as Beverly Drive.

Tax Parcel Number: 443041