2007-017736 Klamath County, Oregon



Recording requested by ,and after recording, return to:

10/12/2007 03:03:31 PM

Fee: \$86.00

GE Commercial Finance Business Property Corporation Attn: Middle Market Risk 10900 Northeast Fourth Street, Suite 500 Bellevue, Washington 98004

Loan No .:

# SUBORDINATION, NON-DISTURBANCE, ATTORNMENT AND LESSEE-LESSOR ESTOPPEL AGREEMENT

(3000 Bryant Williams Drive, Klamath Falls, Oregon)

The tax account number for the Property is: R-3809-020AC-01102-000

THIS SUBORDINATION, NON-DISTURBANCE, ATTORNMENT AND LESSEE/LESSOR ESTOPPEL AGREEMENT ("Agreement") is entered into as of October [176], 2007, by and among KLAMATH PROFESSIONAL PROPERTIES, LLC, an Oregon limited liability company ("Lessor"), whose address is 3000 Bryant Williams Drive, Ste. 200, Klamath Falls, OR 97601, SKY LAKES MEDICAL CENTER, INC., an Oregon corporation whose address is 2865 Daggett Avenue, Klamath Falls, Oregon 97601 ("Lessee"), and GE COMMERCIAL FINANCE BUSINESS PROPERTY CORPORATION, a Delaware corporation, whose address is Middle Market Risk, 10900 Northeast Fourth Street, Suite 500, Bellevue, Washington 98004 ("Lender").

#### **RECITALS:**

- A. Lessee is the present lessee, and Lessor is the current lessor, under a certain Building 3000 Master Lease Agreement (the "Lease") dated October 9, 2007 between Lessor, as landlord, and Lessee, as tenant, demising all or a portion of the premises, including improvements, in City of Klamath Falls, County of Klamath, State of Oregon, commonly known as 3000 Bryant Williams Drive, Klamath Falls, Oregon, and more particularly described on Exhibit A (the "Leased Premises").
- B. Lessee has been advised that the Lease has been or will be assigned by Lessor to Lender as security for a loan with an original principal balance of \$3,120,000 (the "Loan") secured by a Commercial Leasehold Trust Deed, Security Agreement, Assignment of Leases and Rents, Financing Statement and Fixture Filing (the "Security Instrument") to be recorded contemporaneously herewith covering the Leased Premises.
- C. A condition precedent to Lender's disbursement of Loan proceeds is that Lessor obtain this Agreement from Lessee in order to confirm certain matters and to subordinate the Lease and Lessee's interest in the Leased Premises to the lien of the Security Instrument.

-1-

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

- 1. Lessee represents and warrants to Lender as follows:
  - (a) Lessee has accepted possession and is in occupancy of the Leased Premises pursuant to the terms of the Lease, and the Lease is in full force and effect.
  - The improvements and space required to be furnished (b) according to the Lease have been completed in all respects, all amounts owing from Lessor to Lessee in connection with delivery and construction of the Leased without limitation. Premises (including, improvement costs, liquidated damages, and charges for construction delays) have been paid, and Lessee hereby waives any and all rights and remedies which Lessee may have against Lessor (including, without limitation, any right to terminate the Lease) as a result of any breach by Lessor of any of its obligations under the Lease relating to the delivery, construction or initial condition of the Leased Premises.
  - (c) Lessor has done everything that it promised to do in order to induce Lessee to enter into the Lease. All conditions to the commencement of the Lease have been satisfied. There are no concessions or inducements which have been promised by Lessor or any other party to Lessee other than as set forth in the Lease.

The Lease as described above has not been further modified, altered or amended.

- (d) There are no offsets or credits against rentals, nor have rentals been prepaid except as provided by the Lease terms, except as follows: None.
- (e) Rental commenced to accrue on October // 2007, current monthly rent is \$31,239.78, and there is currently no outstanding unpaid rent. The primary Lease term commenced on October // 2007, and expires on September 30, 2027.
- (f) Lessee has no notice of a currently effective assignment, hypothecation or pledge of rents on the Lease to any party other than Lender and the lender (if any) whose loan is being repaid upon the closing of the Loan.

- (g) The Lease does not contain, and Lessee does not have, an outstanding option to extend or renew the term of the Lease except as follows: 1 option to renew or extend the Lease for a period of ten year years.
- (h) Lessee has no claim to or interest in the Leased Premises, legal or equitable, or any contract or option therefor other than as a lessee under the Lease, except as owner of fee simple title to the land underlying the Premises.
- (i) Sufficient parking facilities for Lessee's purposes under the Lease are not located on the Leased Premises but are located on adjacent property to which Lessee has suffucient rights.
- (j) Lessor is not in default of any of its obligations under the Lease, and, to the best of Lessee's knowledge, no event has occurred which, with notice, the passage of time or both, would constitute a default in any of Lessor's obligations under the Lease.
- (k) Lessee has paid Lessor \$0 as a security or similar type deposit.
- 2. Lessee shall promptly provide Lender at its address first shown above with a written notice of any default on the part of the Lessor under the Lease. Lender shall have the option to cure such default within the time allotted to Lessor under the Lease plus ten (10) business days in the case of a monetary default and forty-five (45) business days in the case of a non-monetary default. Lessee shall not invoke any of its remedies under this Lease or any other remedies available to Lessee at law or in equity during any period that Lender is proceeding to cure any such default with due diligence or (if possession of the Leased Premises is necessary for such cure to be effectuated) during any period that Lender is taking steps with due diligence to obtain the legal right to enter the Leased Premises and cure any such default.
- 3. Without the prior written consent of Lender, which consent will not be unreasonably withheld, Lessee shall not (a) modify, extend or in any manner alter the terms of the Lease; (b) pay the rent or any other sums becoming due under the terms of the Lease more than one month in advance; (c) accept Lessor's waiver of or release from the performance of any obligation under the Lease; (d) assign the Lease or sublet the Leased Premises; or (e) assign the Lease as collateral security or mortgage or otherwise encumber its leasehold interest; (f) make any structural changes to the Leased Premises; or (g) agree with Lessor to terminate the Lease.
- 4. In the event Lender notifies Lessee in writing that Lessor is in default under the Security Instrument and demands that payment of all future rentals be made directly to Lender, Lessee shall honor such demand and pay the full

amount of its rent and all other sums due under the Lease directly to Lender or as otherwise instructed by Lender pursuant to such notice, beginning with the payment next due after such notice of default. Lessor hereby consents to such payment and agrees that Lessee shall not be liable to Lessor for any rental payments actually paid to Lender pursuant to this <u>Section 4</u>.

- 5. The Lease and all right, title and interest of Lessee in, to and under the Lease (including, without limitation, all options or rights of first refusal to purchase the Leased Premises) are now, and shall at all times continue to be, unconditionally subject and subordinate in each and every respect, to the Security Instrument and to any and all renewals, modifications, extensions, substitutions, replacements and/or consolidations of the Security Instrument.
- 6. No provision of this Agreement may be changed, waived, discharged, or terminated except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, and permitted assigns. Upon recorded satisfaction of the Security Instrument, this Agreement shall become null and void and be of no further effect.
- 7. To the extent that the Lease shall entitle Lessee to notice of any mortgage, this Agreement shall constitute such notice to Lessee with respect to the Security Instrument, and Lessee hereby waives notice of any and all renewals, modifications, extensions, substitutions, replacements, and/or consolidations of the Security Instrument. The terms "mortgagee", as used in the Lease shall be deemed to include Lender, its successors and assigns, including anyone who shall have succeeded to Lessor's interest by, through or under foreclosure of the Security Instrument or deed in lieu of such foreclosure. The term "mortgage" or any similar term, shall be deemed to include the Security Instrument to be recorded contemporaneously herewith.
- 8. This Agreement is executed in the City of Klamath Falls, State of Oregon, and shall be construed under the laws of the State of Oregon. The parties agree that any action relating to this Agreement shall be instituted and prosecuted by the state and federal courts located in the State of Oregon; and each party waives the right to change of venue.
- 9. This Agreement may be executed in any number of counterparts all of which taken together shall constitute one and the same instrument, and any of the parties or signatories hereto may execute this Agreement by signing any such counterpart.
- 10. To the extent of any conflict between the provisions of the Security Instrument and the Lease which govern the application and disbursement of insurance and condemnation proceeds, the provisions of the Security Instrument shall control. Notwithstanding anything in the Lease to the contrary, Lessee may not terminate the Lease because of damage to or condemnation of the Leased Premises unless (a) Lessee's use and operation of the Leased Premises is materially impaired

by the damage to or condemnation of the Leased Premises, and (b) at least twenty-five percent (25%) of the net rentable area of the Leased Premises (or such larger percentage as may be specified in the Lease) is damaged or condemned. Notwithstanding anything in the Lease to the contrary, Lessee may not terminate the Lease because of any delay in repairing or rebuilding the Leased Premises unless the Leased Premises are not repaired or rebuilt within one hundred eighty (180) days after the date of damage or condemnation.

- 11. In the event suit or action is instituted to enforce or interpret this Agreement, the prevailing party shall be entitled to recover all expenses reasonably incurred at, before or after trial and on appeal, whether or not taxable as costs, or in any bankruptcy proceeding, including, without limitation, attorneys' fees, witness fees (expert and otherwise), deposition costs, copying charges and other expenses.
- 12. Unless Lessee shall be a publicly reporting company under the Securities Exchange Act of 1933, as amended, upon the request of Lender no more than once per annum, Lessee shall furnish to Lender a copy of Lessee's balance sheet and profit and loss statement, which shall be prepared in accordance with generally accepted accounting principles and practices consistently applied.
- Lessee shall not use, produce, store, release, dispose of or bring into the Leased Premises any hazardous waste or materials or allow any other entity or person to do so except as incidentally related to the operation and maintenance of the Leased Premises and equipment located therein, such as small amounts of ordinary office supplies, pesticides, insecticides or cleaning supplies used in Lessee's operation of the Leased Premises, which substances shall be stored and used in accordance with applicable laws and regulations and used in a prudent manner. As used herein, the term "hazardous waste or materials" includes any substance, waste or material defined or designated as hazardous, toxic or danger (or any similar term) by any federal, state or local statute, regulation, rule or ordinance now or hereafter in effect including, without limitation, petroleum products and by-products, asbestos, polychlorinated biphenyls, chlorinated solvents, and urea formaldehyde. shall indemnify and hold harmless Lessor and Lender against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, cleanup costs, remedial actions, costs and expenses (including, without limitation, attorneys' fees and disbursements) which may be imposed on, incurred or paid by, or asserted against Lessor and/or Lender directly or indirectly arising from or attributable to any misrepresentation or breach of any warranty, covenant or agreement by Lessee under this section. The provisions of this section shall survive expiration or termination of the Lease.
- 14. Lessee hereby agrees that if Lender elects at any time to have the Lease superior to its Security Instrument and gives notice of its election to Lessee, then the Lease shall be superior to the lien of any such and all renewals, modifications, extensions, substitutions, replacements and/or consolidations thereof, whether the Lease is dated or recorded before or after the Security Instrument. If Lender shall become the owner of the Leased Premises, or if the Leased Premises shall be sold by reason of foreclosure or other proceedings brought to enforce the Security Instrument, or if the Leased Premises shall be transferred by deed in lieu of

foreclosure, then at Lender's sole option (i) the Lease shall continue in full force and effect as a direct lease agreement between Lessee and the then owner of the Leased Premises (including Lender or the grantee under any deed given as a result of any foreclosure or in lieu of foreclosure), upon and subject to all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, and (ii) Lessee shall attorn to Lender or any other such owner as its Lessor, said attornment to be effective and self-operative without the execution of any further instruments. From and after Lender's or other such owner's succession to the interest of Lessor under the Lease, Lessee shall have the same remedies against Lender or such other owner for the breach of any covenant contained in the Lease that Lessee might have had under the Lease against Lessor, except that neither Lender nor any other such owner shall be:

- (a) liable for any act or omission of, or for the performance of any obligation of, any prior lessor (including Lessor), including without limitation any obligation to repair, restore or expand any part of the Leased Premises; or
- (b) subject to any offsets or defenses which Lessee might have against any prior lessor (including Lessor); or
- (c) bound by any prepayment of rent or additional rent which Lessee might have paid for more than the current month or by payment of any security deposits to any prior lessor (including Lessor), except such security deposits as have actually been received by Lender; or
- (d) bound by any amendment or modification of the Lease or by any waiver or forbearance on the part of any prior lessor (including Lessor) made or given without the written consent of Lender or any subsequent holder of the Security Instrument; or
- (e) bound by any representations or warranties of Lessor under the Lease.
- Lessee by the terms of the Lease to cure such default) in the payment of rent or additional rent or in the performance of any part of the terms, covenants or conditions of the Lease on Lessee's part to be performed, and so long as the Lease has not been modified or amended without the permission of Lender, Lessee's possession of the Leased Premises under the Lease, or any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, shall not be diminished or interfered with by Lender and Lender will not join Lessee as a party defendant in any action or proceeding for the purpose of terminating Lessee's interest and estate under the Lease because of any default under the Security Instrument.

- 16. Lessee hereby waives any rights it may have to an award for a taking by eminent domain, except to the extent that the award (a) compensates Lessee for moving expenses, business interruption, the taking of all or a portion of Lessee's fee interest in the real property underlying the Leased Premises (not including any building or improvements which are the property of the Lessor) or taking of the personal property of Lessee (other than Lessee's leasehold interest), (b) is awarded separately in the eminent domain proceeding, and (c) does not reduce the amount of Lessor's award in the eminent domain proceeding as it pertains to its leasehold interest in the Leased Premises or any buildings or improvements on the Leased Premises of which it is the owner.
- 17. Any option or right of first refusal that Lessee may have to purchase the Leased Premises shall not apply to a sale by foreclosure or a deed in lieu of foreclosure and shall automatically be void and of no further force and effect following such sale by foreclosure or a deed in lieu of foreclosure. Lessee shall execute promptly whatever documents Lender may request from time to time in order to confirm the foregoing.
- 18. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.
- 19. Lender shall promptly provide Lessee at its address first shown above with a written notice of any default on the part of the Lessor under the Loan, provided, however, that a failure of Lender to provide such a notice shall not be a default hereunder. Lessee shall have the option to cure such default within the time allotted to Lessor under the Security Instrument and/or any other documents governing the Loan.
- 20. Any and all notices, elections, demands, or requests permitted or required to be made under this Agreement shall be in writing, signed by the party giving such notice, election, demand or request, and shall be delivered personally, or sent by registered, certified, or Express United States mail, postage prepaid, or by Federal Express or similar service requiring a receipt, to the other party at the address stated above, or to such other party and at such other address within the United States of America as any party may designate in writing as provided herein. The date of receipt of such notice, election, demand or request shall be the earliest of (i) the date of actual receipt, (ii) three (3) business days after the date of mailing by registered or certified mail, (iii) one (1) business day after the date of mailing by Express Mail or the delivery (for redelivery) to Federal Express or another similar service requiring a receipt, or (iv) the date of personal delivery (or refusal upon presentation for delivery).

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE, AMONG OTHER THINGS, IT AFFECTS THE PRIORITY OF YOUR LEASE AND BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR

ORAL PROMISES NOT CONTAINED IN THIS WRITTEN AGREEMENT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

IN WITNESS WHEREOF the undersigned parties have executed this Agreement under seal as of the day and

Agreement under seal as of the day and ye	ear first above written.
1	_ESSEE:
· · · · · · · · · · · · · · · · · · ·	SKY LAKES MEDICAL CENTER, INC., an Oregon nonprofit corporation  By:  Name: LESCIS A. FLICK  Title: VP, SUPPORT SUCS.
1	LENDER:
Ţ	GE COMMERCIAL FINANCE BUSINESS PROPERTY CORPORATION, a Delaware corporation
	By: Kayle A. Awiten Title: SR. Closing Analyst
Lessor joins in the execution acknowledging and confirming the matters	on of this document for the purpose of herein set forth.
L	ESSOR:
	KLAMATH PROFESSIONAL PROPERTIES, LLC, an Oregon limited liability company
	By: Name: Douglas H. Todd Title:Manager

Exhibits:

ROEHMV\IRV\536083.6

ORAL PROMISES NOT CONTAINED IN THIS WRITTEN AGREEMENT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

ne undersigned parties have executed this ear first above written.
LESSEE:
SKY LAKES MEDICAL CENTER, INC., an Oregon nonprofit corporation
Ву:
Name: LESCIE A. FLICK  Title: VP, SUPPORT SUCS.
Title: VP, SUPPORT SUCS.
LENDER:
GE COMMERCIAL FINANCE BUSINESS PROPERTY CORPORATION, a Delaware corporation
By: Title:
ion of this document for the purpose of sherein set forth.
LESSOR:
KLAMATH PROFESSIONAL PROPERTIES, LLC, an Oregon limited liability company
By: Name: Douglas H. Todd Title:Manager

## Exhibit A - Leased Premises

STATE OF Chegon	)
COUNTY OF Hamath	) ss. )

## LESSEE ACKNOWLEDGMENT

	On this / O	day	of October, 2007 before me, a Notary Public in
and for	the State	of	<u>Cragon</u> , personally appeared
Leslie A.	Flick		, personally known to me (or proved to me on
the basis of	satisfactory evid	dence	e) to be the person who executed this instrument, on
oath stated t	that <u>She</u> was	auth	orized to execute the instrument, and acknowledged
it as the <u>vic</u>	e PresidenT	_ of \$	SKY LAKES MEDICAL CENTER, INC., an Oregon
nonprofit cor	poration to be t	he fre	ee and voluntary act and deed of said corporation for
the uses and	l purposes men	tione	d in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



MUX	4_	<u> </u>	
m, p = S:	lveri	$c_{\ell}$	
(Print Name)			

NOTARY PUBLIC in and for the State of Classon, residing at: Klamath Folls

My appointment expires: 3/10/09

STATE OF Quo on	)
V .	ss.
COUNTY OF ITlamath	)

# LESSOR ACKNOWLEDGMENT

and for the State of \$\overline{Dougles} H. \overline{Todd}\$ the basis of satisfactory evidence) to oath stated that \$\overline{he}\$ and acknowledged it as the \$\overline{Dougles} \overline{PROPERTIES}\$, LLC, an Oregon limited	personally known to me (or proved to me on be the person who executed this instrument, on was authorized to execute the instrument, on of KLAMATH PROFESSIONAL and liability company to be the free and voluntary or the uses and purposes mentioned in the
IN WITNESS WHEREC the day and year first above written.	PF, I have hereunto set my hand and official seal
	200 41
OFFICIAL SEAL  M. A. SILVERIA  NOTARY PUBLIC-DREGON  COMMISSION NO. 390459  MY COMMISSION EXPIRES MAR. 10, 2009	m.B.S./veria (Print Name)
	NOTARY PUBLIC in and for the State of Olegon, residing at: Klamath Folls
1	My appointment expires: $\frac{3}{10} / o 9$

STATE OF WASHINGTON	)
	) ss.
COUNTY OF KING	)

### LENDER ACKNOWLEDGMENT

	On this	1Hh day	of <u><i>Dd</i></u>	<i>fober</i> , 20	07 befo	ore me, a	Notary	Public in
and, for	the	State	of	Washing	ton,	personal	ly a	appeared
and for Kayla	A. Au	vitan	·	personally	known	to me (or	proved	to me on
the basis of	satisfactor	y evidence	) to be	the person	who e	xecuted thi	is instru	ment, on
oath stated	that <i>Si</i>	he		was auth	norized	to execute	the in:	strument,
and acknow BUSINESS	ledged it	as the	· CUS	ING ATHUS	of GE	COMMER	CIAL F	INANCE
BUSINESS	PROPERT	TY CORPO	RATIO	ON to be the	e free a	ind volunta	ary act a	and deed
of said corpo	oration for	the uses ar	nd pur	ooses menti	oned in	the instru	ment.	

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

NOTARY PUBLIC in and for the State of

Washington, residing at: Maple Valley, WA 98038

My appointment expires: APRIL 11, 2008

#### Exhibit A

Leasehold estate under that certain Ground Lease, a memorandum of which was recorded Cetober 11, 2007, as instrument No.2007-17667, situated upon a tract of land situated in the SW 1/4 of Section 20, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being a portion of vacated Block 6, McLoughlin Heights Subdivision according to the official plat map thereof on file in the office of the Klamath County Clerk, more particularly described as follows:

Commencing at a 5/8" rebar monument marking the intersection of the centerline of vacated Foothill Boulevard and the East line of said SW 1/4 of the NE 1/4, said line also being the East line of said McLoughlin Heights; thence South 32° 41' 55" West, 95.20 feet to the True Point of Beginning of this description, said point being the Northwest corner of the medical office building known as the "3000 Building"; thence following the exterior walls and the exterior edge of the front awning the following courses: South 32° 47' 24" West, 58.50 feet; thence South 57° 12' 36" East, 18.00 feet; thence South 32° 47' 24" West, 53.50 feet; thence North 57° 12' 36" West, 76.00 feet; North 32° 47' 24" East, 53.00 feet; thence North 57° 12' 36" West, 53.00 feet; North 32° 47' 24" East, 30.00 feet; thence South 57° 12' 36" East, 71.00 feet; North 32° 47' 24" East, 29.00 feet; thence South 57° 12' 36" East, 40.00 feet to the Point of Beginning. Bearings are based on record of Survey No. 6692.

Which tract of land is a portion of the following described real property:

Parcel 3 of Land Partition 92-06, according to the official plat thereof on file in the records of Klamath County, Oregon, being a portion of vacated Lots 1 through 22 of Block 6 of McLoughlin Heights and a portion of the Southerly half of vacated Foothill Boulevard situated in the Southwest quarter of the Northeast quarter of Section 20, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

TOGETHER WITH an easement for ingress and egress as described in instrument recorded June 8, 2001 in Book M01 on Page 27242, Records of Klamath County, Oregon.

TOGETHER WITH an easement for ingress and egress as described in instrument recorded March 23, 2007 in Book 2007 on Page 5326, Records of Klamath County, Oregon.

CODE 001 MAP 3809-020AC TL 01102 KEY #8941555