

NJC 82782

2008-012657

Klamath County, Oregon

After Filing Please Return to:
Farm Credit Leasing Services Corporation
600 Highway 169 South, #300
Minneapolis, MN 53426



09/10/2008 11:15:03 AM

Fee: \$61.00

Subordination Agreement

This **Subordination Agreement** is made as of August 26, 2008 by CHOICE FINANCIAL GROUP-GRAFTON (the "Company"), for the benefit of FARM CREDIT LEASING SERVICES CORPORATION, a federally chartered corporation, having an address at 600 Highway 169 South, #300, Minneapolis, Minnesota 53426 ("FCLSC").

INTRODUCTION:

The Company has a security interest pursuant to a (i) Trust Deed dated May 23, 2007 by John R. Walker and Brenda L. Walker, as Tenants by the Entirety, as grantor, in favor of AmeriTitle as trustee for the benefit of Choice Financial Group-Grafton, recorded May 25, 2007, volume 2007 page 009491, Microfilm Records of Klamath County, Oregon, re-recorded June 27, 2007, volume 2007, page 011535, Microfilm Records of Klamath County, Oregon; and (ii) a Trust Deed dated May 23, 2007, by John R. Walker and Brenda L. Walker, as tenants by the entirety, in favor of AmeriTitle as trustee for the benefit of Choice Financial Group-Grafton, recorded May 25, 2007, volume 2007, page 009492, Microfilm Records of Klamath County, Oregon, re-recorded June 27, 2007, volume 2007, page 011536, Microfilm Records of Klamath County, Oregon (collectively, the "Company Security Interest") in certain property of John R. Walker and Brenda L. Walker, Tenants by the Entirety (the "Fee Owner") more fully described in Exhibit B, hereto. FCLSC and the Fee Owner entered into a Ground Lease agreement dated September 5, 2008 (the "Ground Lease") of the property on Exhibit B (the "Real Property"), incident to an equipment financing transaction between FCLSC and the J & W Farms, an Oregon general partnership (the "Equipment Lessee") (the "Financing") which is evidenced by a lease agreement, promissory note or other evidence of indebtedness in connection with the property described on Exhibit A attached hereto (the "Equipment"). The Company agrees that it will subordinate the Company Security Interest to the interest of FCLSC in the Financing, the Equipment and the Ground Lease (collectively, the "FCLSC Interest") as set forth herein.

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, for itself and for its successors and assigns, hereby agrees that:

1. The Company Security Interest, and any other security interest of the Company in the Real Property and, if any, in the Equipment and in any proceeds arising out of the sale, lease or other disposition of the Equipment, shall be subordinate and junior to the FCLSC Interest and any proceeds arising out of any sale, lease or other disposition thereof. This subordination shall apply irrespective of the time or order of attachment or perfection of the Company Security Interest and the FCLSC Interest and shall remain in full force and effect (a) so long as FCLSC its successors and assigns are owed any sums arising out of or related to the Financing or the Equipment and (b) regardless of whether the Company or FCLSC may seek to rescind, amend, terminate, or reform, by litigation or otherwise, its respective agreements with the Fee Owner.
2. The Company hereby agrees, for itself and its successors and assigns, that FCLSC may assign its rights hereunder to any person or entity ("Assignee") and that the Company Security Interest shall be subordinate and junior to the interest of any such Assignee. The Company shall not assign or transfer to others any claim the Company has or may have against the Fee Owner while the liabilities remain unpaid, unless such assignment or transfer is made expressly subject to this Subordination.
3. The Company further agrees that FCLSC, its agents or assigns, may move or otherwise repossess and foreclose upon the Equipment whenever it deems such action to be necessary or desirable in order to protect the FCLSC Interest. If the Company obtains possession of the Real Property or the Equipment, or any part thereof, by virtue of the Company Security Interest or

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otherwise, FCLSC shall be entitled, as between the Company and FCLSC, to immediate possession thereof, as is applicable.

4. This Subordination relates to the Financing, the Equipment and the Ground Lease only. No notice of the Company's revocation of this Subordination shall affect this Subordination in relation to the FCLSC Interest and/or to the Financing or any amendments, extensions, renewals or modifications thereto then existing and, as to any such amendments, extensions, renewals or modifications, this Subordination shall continue to be effective until the obligations thereunder shall have been fully discharged.

[SIGNATURE PAGE FOLLOWS]

Unofficial
Copy

IN WITNESS WHEREOF, the Company has executed, or has caused this Agreement to be executed, as of the day and year first above written.

Company:

CHOICE FINANCIAL GROUP-GRAFTON

By: [Signature]
Name: JASON TRYAN
Title: Business Banking Officer

STATE OF NORTH DAKOTA)
) ss
COUNTY OF WALSH)

On this 08th day of August, 2008, before me the subscriber personally appeared JASON W TRYAN, who being by me duly sworn, did depose and say that (s)he resides at Pennington County, State of North Dakota; that (s)he is a Business Banking Officer of **CHOICE FINANCIAL GROUP-GRAFTON**, the corporation described in and which executed the foregoing instrument; and that (s)he signed his/her name thereto by order of the Board of Directors of said corporation.

[Signature]

NOTARY PUBLIC
My Commission Expires: _____

JEANETTE C. GEMMILL
Notary Public
State of North Dakota
My Commission Expires Aug. 15, 2014

THE ABOVE SUBORDINATION AGREEMENT IS HEREBY
ACKNOWLEDGED AND ACCEPTED AS OF _____, 2008.

FARM CREDIT LEASING SERVICES CORPORATION

By: _____
Name: _____
Title: _____

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

On this _____ day of August, 2008, before me the subscriber personally appeared _____, who being by me duly sworn, did depose and say that (s)he resides at _____ County, State of _____; that (s)he is a _____ of **FARM CREDIT LEASING SERVICES CORPORATION**, the corporation described in and which executed the foregoing instrument; and that (s)he signed his/her name thereto by order of the Board of Directors of said corporation.

NOTARY PUBLIC
My Commission Expires: _____

Exhibit A

DESCRIPTION OF EQUIPMENT

One 62'x 288' double wide white Behlen metal storage building

Four endwalls with framed openings

Two endwalls with storage to 18'

Central air plenum down length of building split into two zones (designed for 27 cfm per ton)

Two sets of stairs

Electrical and storage control room

Storage height calculated to 18'

Concrete

8' Concrete wall the full perimeter and down air plenum

Recessed air plenum floor

Concrete floor and cap on air plenum

Plenum cap sealed with single ply membrane

Footings and buttresses by design

Doors

(4) 16'-10" x 14' all metal swing doors with swinging bulk head doors

(11) 2868 walk doors

(2) Stairway access doors

Insulation

4" urethane insulation throughout building

Air System and Pipe

(94) rows of 24" – 16 ga. Ventilation pipe with galv. end caps

Galvanized splice gates

Exhibit B

DESCRIPTION OF PREMISES

Parcel 1 of Land Partition 20-02, said Land Partition being situated in the NE1/4 NW1/4 and NW1/4 NW1/4 of Section 9, Township 41 South, Range 12 East of the Willamette Meridian, and in the NE1/4 NE1/4 of Section 8, Township 41 South, Range 12 East of the Willamette Meridian Klamath County, Oregon.

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