

WTC 83412-KR

2009-004934

Klamath County, Oregon



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04/08/2009 03:49:50 PM

Fee: \$86.00

RECORDING COVER SHEET

THIS COVER SHEET HAS BEEN PREPARED
BY THE PERSON REPRESENTING THE
ATTACHED INSTRUMENT FOR RECORDING.
ANY ERRORS IN THIS COVER SHEET DO NOT
AFFECT THE TRANSACTION(S) CONTAINED
IN THE INSTRUMENT ITSELF.

After Recording, Return To:

ReProp Financial
Attention: Servicing
555 H. Street
Eureka, CA 95501

**1. Name(s) of the Transaction(s): SUBORDINATION AND
ATTORNMENMENT AGREEMENT AND RENT DIRECTIVE**

2. Direct Party (Grantor): BONANZA ROCK, LLC

3. Indirect Party (Grantee):

REPROP FINANCIAL MORTGAGE INVESTORS, LLC

4. True and Actual Consideration Paid:

5. Legal Description: SEE ATTACHED EXHIBIT "A"

Slamt

SUBORDINATION AND ATTORNMENT AGREEMENT AND RENT DIRECTIVE

Property Location: 37815 McCartie Lane, Bonanza OR 97623
Lease Date: November 6, 2008
Tenant: Bonanza Rock, LLC
Tenant Address: 27120 Petersteiner Road, Bonanza OR 97623
Effective Date: April 1, 2009
Lender: ReProp Financial Mortgage Investors, LLC
Lender's Address: 555 H Street, Eureka CA 95501
Loan Amount: \$2,000,000.00
Borrower: Four A's Ranch, Inc.

THIS AGREEMENT is made effective as of the date indicated on Page 1 of this Agreement above, by the above-identified "TENANT" (hereinafter referred to as "**Tenant**"), to and for the benefit of the above-identified "LENDER" (hereinafter referred to as "**Lender**").

PRELIMINARY STATEMENTS

A. Tenant is the holder of a leasehold estate in a portion of that certain "PROPERTY" indicated on Page 1 of this Agreement above (the "**Property**") under and pursuant to the provisions of that certain "LEASE" described on Page 1 above (the "**Lease**");

B. Lender has agreed to make a loan (the "**Loan**") to Borrower, which is to be secured, without limitation, by a certain deed of trust (the "**Deed of Trust**") entered into by Borrower, as trustor, and Lender, as beneficiary, which pertains to the Property, and which is to be or has been recorded in the official real estate records of county in which the Property is located.

C. It is a condition precedent to the making of the Loan by Lender that the Tenant shall have executed and delivered this Agreement.

AGREEMENTS

NOW THEREFORE, in consideration of the matters described in the foregoing Preliminary Statements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Tenant hereby agrees as follows:

1. Preliminary Statements. The Preliminary Statements are incorporated herein by this reference.

2. Subordination. Tenant agrees that the Lease and all of the terms, covenants and provisions thereof and all rights, remedies and options of Tenant thereunder are and shall at all times continue to be subject and subordinate in all respects to the Deed of Trust and to the lien thereof

including without limitation all renewals, increases, modifications, spreaders, consolidations, replacements and extensions thereof and to all sums secured thereby with the same force and effect as if the Deed of Trust had been executed, delivered and recorded prior to the execution and delivery of the Lease.

3. Attornment. Lender and Tenant agree that if Lender shall become the owner of the Property by reason of the foreclosure of the Deed of Trust or the acceptance of a deed or assignment in lieu of foreclosure or otherwise, the Lease shall not be terminated or affected thereby but shall continue in full force and effect as a direct lease between Lender and Tenant upon all of the terms, covenants and conditions set forth in the Lease and in that event, Tenant agrees to attorn to Lender; provided, however, that Lender shall not be: (a) liable (i) for Landlord's failure to perform any of its obligations under the Lease which have accrued prior to the date on which Lender shall become the owner of the Property, or (ii) for any act or omission of Landlord, whether prior to or after such foreclosure or sale; (b) required to make any repairs to the Property or to the premises demised under the Lease required as a result of fire, or other casualty occurring prior to the date on which Lender shall become the owner of the Property, or by reason of condemnation occurring prior to the date on which Lender shall become the owner of the Property, unless Landlord shall be obligated under the Lease to make such repairs and shall have received sufficient casualty insurance proceeds or condemnation awards to finance the completion of such repairs; (c) subject to any offsets, defenses or abatement which shall have accrued to Tenant against Landlord prior to the date upon which Lender shall become the owner of the Property; or (d) liable for the return of rental security deposits, if any, paid by Tenant to Landlord in accordance with the Lease unless such sums are actually received by Lender.

4. Notice to Pay Rentals to Lender. After notice is given to Tenant by Lender that the Loan is in default and that the rentals under the Lease should be paid to Lender pursuant to the terms of the assignment of leases and rents executed and delivered by Borrower to Lender in connection therewith, Tenant shall thereafter pay to Lender or as directed by the Lender, all rentals and all other monies due or to become due under the Lease, and Borrower hereby expressly authorizes Tenant to make such payments to Lender and hereby releases and discharges Tenant from any liability to Borrower on account of any such payments.

5. Lender's Consent. Tenant shall not, without obtaining the prior written consent of Lender, (a) enter into any agreement amending, modifying or terminating the Lease, (b) prepay any of the rents, additional rents or other sums due under the Lease for more than one (1) month in advance of the due dates thereof, (c) voluntarily surrender the premises demised under the Lease or terminate the Lease without cause or shorten the term thereof, or (d) assign the Lease or sublet the premises demised under the Lease or any part thereof; and any such amendment, modification, termination, prepayment, voluntary surrender, assignment or subletting, without Lender's prior consent, shall not be binding upon Lender.

6. Lender to Receive Notices. Tenant shall notify Lender of any default by Landlord under the Lease which would entitle Tenant to cancel the Lease or to an abatement of the rents, additional rents or other sums payable thereunder, and agrees that, notwithstanding any provisions of the Lease to the contrary, no notice of cancellation thereof or of such an abatement shall be effective unless Lender shall have received notice of default giving rise to such cancellation or abatement and shall have failed within thirty (30) days after receipt of such notice to cure such default, or if such default cannot be cured within thirty (30) days, shall have failed within thirty (30) days after receipt of such notice to commence and thereafter diligently pursue any action necessary to cure such default.

7. Non-Merger. In the event that the interests of Landlord and Tenant shall, at any time, vest in any one person or entity, it is agreed that insofar as Lender is concerned, ownership of the fee title to the Property and the Tenant's leasehold estate created by the Lease shall not merge, but shall remain separate and distinct notwithstanding the union of such estates in Landlord, Tenant, or any third party by reason of purchase or otherwise.

8. Notices. Any notice, demand, statement, request, or consent made hereunder shall be in writing and shall be deemed given when hand delivered, within three (3) days of the date sent by certified mail, return receipt requested, or the next business day after the date sent by nationally recognized overnight mail or courier service to the address, as set forth above, of the party to whom such notice is to be given, or to such other address as Lender or Tenant, as the case may be, shall in like manner designate in writing.

9. Miscellaneous. This Agreement shall be binding upon and inure to the benefit of Lender and Tenant and their respective successors and assigns. The term "Lender" as used herein shall include the successors and assigns of Lender and any person, party or entity which shall become the owner of the Property by reason of a foreclosure of the Deed of Trust or the acceptance of a deed or assignment in lieu of foreclosure or otherwise. The term "Landlord" as used herein shall mean and include the present landlord under the Lease and such landlord's predecessors and successors in interest under the Lease, but shall not mean or include Lender. The term "Borrower" shall include the successors and assigns of the rights of Borrower under the terms of the Deed of Trust. The term "Property" as used herein shall mean the Property, the improvements now or hereafter located thereon and the estates therein encumbered by the Deed of Trust. The terms "Deed of Trust" shall include the Deed of Trust, and any and all renewals, modifications, extensions and substitutions thereof. This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State where the Property is located and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State where the Property is located. If any term, covenant or condition of this Agreement is held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such provision. This Agreement may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. This Agreement may be executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Agreement.

10. Waivers by Tenant and Lease Guarantors. Borrower and Tenant each hereby acknowledge that the Lease is intended to create a true landlord-tenant relationship. Although Borrower is assigning its rights under the Lease to Lender, Tenant is not intended to be, nor shall be considered, a guarantor of the Loan. Lender's rights against Tenant shall be governed by the terms of the Lease, the Assignment, and this Agreement.

11. Waiver of Jury Trial. THE TENANT AND LEASE GUARANTORS HEREBY IRREVOCABLY WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered effective as of the **EFFECTIVE DATE** indicated on Page 1 of this Agreement above.

TENANT: Bonanza Rock, LLC

Please note:
All signature(s) must be
notarized.

By: Daniel D. Clits

This document is
recorded.

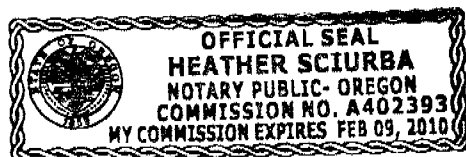
Title: Owner

State of Oregon
County of Klamath

On this 10th day of April, 2009, personally appeared before me the above named
Darrell S. Clites

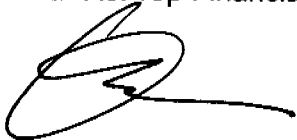
As owner
Of Bonanza Rock, LLC
and acknowledged the foregoing instrument to be his/her/their voluntary act and deed.

WITNESS My hand and official seal.



Heather Sciurba
Notary Public for Oregon
My Commission expires: Feb 9, 2010

LENDER: ReProp Financial Mortgage Investors, LLC



By: ReProp Investments, Inc., Manager
Glenn G. Goldan, President

***Please note:
All signature(s) must be
notarized.***

***This document is
recorded.***

BORROWER CONSENT

THE UNDERSIGNED Borrower hereby acknowledges its consent and agreement all of the agreements set forth above. Without limiting the foregoing, Borrower hereby releases Tenant from any and all claims, causes of actions or damages whatsoever, in law or in equity, which may arise from Tenant's payment of Rents to Lender under the terms and conditions of Paragraph 4, above.

BORROWER(s): Four A's Ranch, Inc.



Carl Asadurian, President

***A FULL AND COMPLETE
COPY OF THE LEASE
AND ANY
MODIFICATIONS ARE
ATTACHED.***

STATE OF OREGON

SS.

COUNTY OF KLAMATH

On April 6, 2009 before me, **Kristi L. Redd** personally appeared **Carl Asadurian as President for Four A's Ranch, Inc., an Oregon Corporation** proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that executed the same in authorized capacity, and that by his signatures on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Kristi L. Redd



ACKNOWLEDGMENT

State of California
County of Humboldt)

On April 1, 2009 before me, Jean Gillmore, Notary Public
(insert name and title of the officer)

personally appeared Glenn G. Goldan,
who 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.

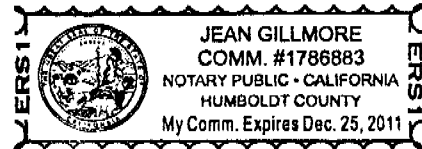
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Jean Gillmore

(Seal)



11/26/2008 13:29 33841-545--3228
11/08/2008 11:37 FAX 8054870957ORENM
ORENM

PAGE 01 01

11/05/2008 14:56 33841-545--3228

LEASE AGREEMENT

LEASE AGREEMENT made this the 6TH day of November, 2008, between Four A's Ranch with an address at 37815 MCCARTIE LANE, BONANZA, OR. 97623 (hereinafter referred to as "Landlord") and with Bonanza Rock, LLC with an address at 27120 Peiersteiner Road in Bonanza, OR 97623 (hereinafter referred to as "Tenant").

IT IS THEREFORE AGREED:

1. **PREMISES:** The Landlord shall lease to the Tenant (with an undeniable right for ingress and egress by the Tenant as indicated by an easement) the premises located at 3912, Section 7 located in Bonanza, OR 97623.
2. **LEASE TERM:** The term of this lease shall be for a period of five (5) years, commencing on November 10TH, 2008 and terminating November 10TH, 2013. The lease term may be extended only by mutual agreement of the parties herein.
3. **RENTAL AMOUNT:** The tenant shall pay to the Landlord a royalty sum of \$0.50 (Zero Dollars and .50/100) per ton of crushed rock to lease the property. Royalties shall be paid in monthly payments, each of which shall be in the amount of \$0.50/ton of crushed rock for the amount of rock sales collected in the prior calendar month. Each payment of which shall be paid on the 20th (twentieth) day of the month.
4. **OPTION TO RENEW:** The tenant shall have first option to renew this lease on the premises for a 5 (five) year period upon the following terms and conditions: _____
The Tenant's option to renew must be exercised in writing and must be received by the Landlord no less than 180 (one hundred eighty) days before the expiration of this lease or any extensions thereof.

Lease Agreement
Page Two

5. **ARBITRATION:** Any controversy or claim arising out of or relating to this Lease Agreement or the breach thereof shall be settled by arbitration in accordance with the rules then obtained by the American Arbitration Association, and judgment upon the award rendered may be entered and enforced in any court having jurisdiction thereof.
6. **NO VIOLATION OR BREACH:** The Landlord and the Tenant warrant and represent each to the other that the performance of this Agreement does not violate any laws, statutes, local ordinances, state or federal regulations, regarding controlled substances, or otherwise, or any court order or administrative order or ruling, nor is such performance in violation of any loan document's conditions or restrictions in effect for financing, whether secured or unsecured.
7. **BENEFIT:** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their legal representatives, successors and assigns.
8. **NOTICES:** Any notice required or desired to be given under this Agreement shall be deemed given if in writing sent by certified mail to the addressee of the parties to this Lease Agreement as follows:

Landlord: FOUR A'S RANCH
(Name)

Landlord: 1237 So. VICTORIA AVE # 512
(Address) OXNARD, CA 93035

**Lease Agreement
Page Three**

Tenant: _____
(Name)

Tenant: _____
(Address)

9. **CAPTIONS:** Captions are used in this Agreement for convenience only and are not intended to be used in the construction or in the interpretation of this Agreement.
10. **INVALID PROVISION:** In the event any provision of this Agreement is held to be void, invalid or unenforceable in any respect, then the same shall not affect the remaining provisions hereof, which shall continue in full force and effect.
11. **ENTIRE AGREEMENT:** This Agreement contains the entire understanding of the parties including the terms and conditions as stated below. It may not be changed orally. This Agreement may be amended or modified only in writing that has been executed by both parties hereto.
12. **INTERPRETATION:** This Lease Agreement shall be interpreted under the laws of the State of Oregon.
13. **CONDITIONS:**
A. This Lease Agreement may not be sold, consigned and/or used as collateral for any other agreement.
- 7

Lease Agreement

Page 4

B. The Tenant retains sole ownership of any/all stockpiled rock.

C. This Lease Agreement may be terminated after the Landlord provides ⁹⁰ ~~180~~ (one hundred-eighty) day written notice to the Tenant that ownership of the property located at 3912, Section 7 in Bonanza, OR will transfer to a third party buyer. The Tenant is entitled to an additional ⁹⁰ ~~180~~ (one hundred eighty) days (after the first ⁹⁰ ~~180~~ (one-hundred-eighty) days to dispose of any/all stockpiled rock on site. ^{NINETY}

D. In the event the land is sold, Tenant has first right to negotiate a new lease agreement with buyer.

E. Tenant will furnish reclamation bond.

Licensee is to hold licensor harmless of any liabilities incurred in the quarry operations. Licensee will obtain all necessary insurance at licensee's cost.

Landlord Signature/Date



11-6-08

Tenant Signature/Date

Jill Munn

11/20/2008 14:25
Nov 14 '08 11:07a

FAX

BUNANZA AUTO

805-984-3936

p.6

PAGE 01/01

p.

5035549379

PAGE 8

11/06/2008 11:27 FAX 2054870957
87861-54

WILSON RIVELIS
DRENW

11/05/2008 14:56 53841-045--3228

Lead Applicant:

Page 4

B. The Tenant shall not own any of any/all occupied rock.

C. This Lease Agreement may be terminated after the Landlord provides 360 (three-hundred-sixty) day written notice to the Tenant that ownership of the property located at 3942, Section 7 in Broward, FL will transfer to a third party buyer. The Tenant is notified in an additional 360 (three-hundred-sixty) days (after the first 360 (three-hundred-sixty) days to discontinue all lawful stockpiled stock on site. 90 P.A. (TS)

D. In the event the land is sold, Tenant has first right to negotiate a new lease agreement with buyer.

11. Tenants will furnish replacement bond.

Licensee is to hold licensor harmless of any liabilities incurred in the quarry operations. Licensor will obtain all necessary insurance at Licensee's cost.

Landlord Signature/Date:

Turned Signature/Date

NEW 06 08 12:45p
JAN 1967

11/20/2008 THU 15:08 [TX/RX NO 5821] [2]001

EXHIBIT A – LEGAL DESCRIPTION

Property Description

Parcel 1:

All the following described property lying in Township 38 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon:

- Section 14: SE1/4 SE1/4
- Section 15: SE1/4 SE1/4
- Section 20: SW1/4, SE1/4 NW1/4, NW1/4 SE1/4, SE1/4 NE1/4, E1/2 SE1/4
- Section 22: NE1/4 NE1/4
- Section 23: N1/2, NE1/4 SW1/4, N1/2 SE1/4
- Section 24: W1/2, W1/2 E1/2, SE1/4 NE1/4, NE1/4 SE1/4
- Section 29: NE1/4 NE1/4
- Section 31: Lots 1, 2 and 3, NE1/4 SW1/4

All the following described property lying in Township 38 South, Range 13 East of the Willamette Meridian, Klamath County, Oregon:

- Section 3: E1/2 SE1/4, SW1/4 SE1/4
- Section 4: SW1/4 SE1/4
- Section 9: NW1/4 NE1/4
- Section 10: NW1/4 NE1/4
- Section 16: N1/2
- Section 17: NE1/4, N1/2 SE1/4, SE1/4 SE1/4
- Section 20: NE1/4
- Section 21: NW1/4, W1/2 NE1/4

Parcel 2:

Parcel 2 of Land Partition 24-97 being a portion in Sections 31, 32 and 33, Township 38 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, and Sections 4, 5, 6, 7 and 8 in Township 39 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon.