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10/14/2010 02:53:46 PM

Fee: \$52.00

After Recording Return To:
Michael P. Rudd
411 Pine Street
Klamath Falls, OR 97601

SUBORDINATION AGREEMENT

DATED: September 30, 2010

PARTIES: Applegate Development Corporation,
an Oregon corporation
7649 Booth Road
Klamath Falls, OR 97603 (Hereinafter "Applegate")

David MacIvor
7649 Booth Road
Klamath Falls, OR 97603 (Hereinafter "MacIvor")

Terry Kawell
7050 Adams
Colton, CA 92324 (Hereinafter "Kawell")

RECITALS:

THIS AGREEMENT is entered into in the light of these facts and circumstances:

Applegate is the owner of real property located in Klamath County, State of Oregon, more particularly described in Exhibit "A" attached hereto.

On August 1, 2005 Applegate, as Grantor, granted to MacIvor, as Beneficiary, a Trust Deed in the amount of \$207,000.00. The Trust Deed was recorded on November 8, 2005 at Volume M05, page 68503, microfilm records of Klamath County, Oregon (hereinafter the "MacIvor Deed").

On September 8, 2010 Applegate, as Grantor, granted to Kawell, as Beneficiary, a Trust Deed in the amount of \$98,875.41. The Trust Deed was recorded on September 10, 2010 at 2010-010726, real property records of Klamath County, Oregon (hereinafter the "Kawell Deed").

MacIvor desires to subordinate the MacIvor Deed in favor of the Kawell Deed and undertakes this Subordination Agreement to that effect.

WHEREFORE, and in consideration of the mutual covenants contained herein, Kawell and MacIvor hereby agree as follows:

AGREEMENT:

1. MacIvor hereby subordinates all rights and claims against Applegate evidenced by the MacIvor Deed to any and all rights and claims of Kawell under the Kawell Deed.

2. The Kawell Deed shall be paid in full from the assets of Applegate prior to any payment on the MacIvor Deed.

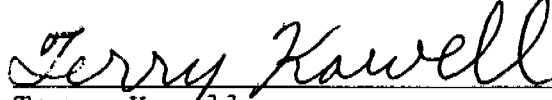
3. MacIvor and Kawell agree that Kawell's rights under this Agreement are in addition to and not in lieu of any and all

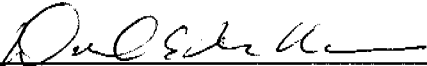
rights and obligations granted to Kawell under the Kawell Deed regardless of any other agreements that may exist.

4. This Subordination Agreement has been entered into in Klamath County, Oregon and shall be interpreted and construed in accordance with the laws of the State of Oregon.

Dated the date first written above.

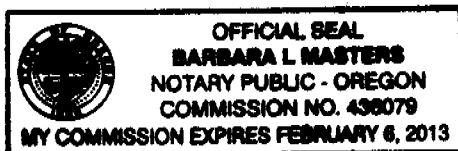

David MacIvor



Terry Kawell


Applegate Development, Inc.
By: David MacIvor
Its: President

STATE OF OREGON)
) ss. September 21, 2010
County of Klamath)

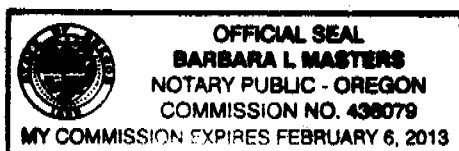
Personally appeared, David MacIvor, and acknowledged the foregoing to be his true act and deed. Before me:

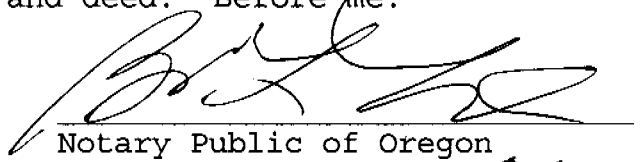



Notary Public of Oregon
My commission expires: 2-6-13

STATE OF OREGON)
) ss. September 21, 2010
County of Klamath)

Personally appeared, David MacIvor, who being duly sworn, stated he is the president of Applegate Development Corporation and that said instrument was signed on behalf of said corporation by authority of its board of directors; and he acknowledged said instrument was its voluntary act and deed. Before me:




Notary Public of Oregon
My commission expires: 2-6-13

STATE OF CALIFORNIA)
) ss. October 1, 2010
County of San Bernardino)

Personally appeared, Terry Kawell, and acknowledged the foregoing to be his true act and deed. Before me:





Notary Public of California
My commission expires: 7-29-2011

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

All of ENTERPRISE TRACT NO. 26, EXCEPT the South 697 feet and EXCEPT the East 260 feet.

All of ENTERPRISE TRACT NO. 31, EXCEPT that portion which is included in the plat of SUNNYLAND.

ALSO EXCEPTING THEREFROM the following 5 parcels of property:

Beginning at the Northeast corner of Lot 9, ELM PARK in Klamath County, Oregon; thence North 0° 53' West 246.95 feet to a point on the South line of a Canal; thence along the South line of said Canal and along the arc of a 714.22 foot radius curve to the left (the chord of which bears North 55° 55' West 93.57 feet) a distance of 93.63 feet; thence South 0° 05' East 300.63 feet to a point on the North line of said Lot; thence North 89° 06' East 80.87 feet to the place of beginning, being situated in the SW1/4 of Section 34, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Beginning on the North line of Lot 9, ELM PARK in Klamath County, Oregon, at a point which is 80.87 feet South 89° 06' West from the Northeast corner of said Lot; thence North 0° 05' West 300.63 feet to a point on the South line of a Canal; thence along the South line of said Canal and along the arc of a 714.22 foot radius curve to the left (the chord of which bears North 65° 25' West 143.05 feet) a distance of 143.29 feet; thence South 0° 05' East 362.19 feet to a point on the North line of said Elm Park; thence North 89° 06' East 130.01 feet to the place of beginning, being situated in the SW1/4 of Section 34, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Beginning on the North line of ELM PARK in Klamath County, Oregon, at a point which is 210.88 feet South 89° 06' West from the Northeast corner of Lot 9, ELM PARK; thence South 89° 06' West 170.52 feet to a point; thence North 0° 05' West 400.59 feet to a point on the South line of a Canal; thence along the South line of said Canal and along the arc of a 714.22 foot radius curve to the left to a point which is North 0° 05' West 362.19 feet from the point of beginning; thence South 0° 05' East 362.19 feet to the place of beginning, being situated in the SW1/4 of Section 34, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Commencing at the Northeast corner of Lot 37, Enterprise Tracts, Klamath County, Oregon; thence South 0° 15' 30" East, along the centerline of Avalon Street, 355.75 feet; thence South 56° 38' 10" East, 36.03 feet to a point on the East Boundary of said street for the true point of beginning; thence South 56° 38' 10" East, 108.05 feet; thence South 73° 31' 10" East, 41.51 feet; thence North 79° 52' East, 103.20 feet; thence North 70° 29' 20" East, 154.58 feet; thence North 89° 25' 40" East, 82.78 feet; thence North 1° 24' 20" West, 31.01 feet; thence North 89° 25' 40" East, 50.00 feet; thence North 134.58 feet, to the Southwesterly boundary of the U.S.R.S. "A" Canal; thence along said canal boundary North 81° 17' West, 23.93 feet; thence 299.22 feet along the arc of a curve right (which arc has a radius of 433.10 feet and a long chord of North 61° 29' 30" West 293.30 feet); thence North 41° 42' West, 183.35 feet to the Southeasterly boundary of Eberlein Avenue; thence along said boundary South 47° 52' 54" 30"

EXHIBIT " A "

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(Parcel 1 Continued)

West, 144.93 feet to the East boundary of Avalon Street; thence along said boundary South 0° 15' 30" East, 348.87 feet to the true point of beginning.

A Parcel of land, situated in Tract 31 Enterprise Tracts, in Klamath County, Oregon; being more particularly described as follows:

Beginning at a 1/2" rebar marking the Northwest corner of Block 1, Sunnyland Subdivision, said point also being on the Easterly right-of-way line of Avalon Street; thence North 00° 15' 30" West 237.85 feet, along the Easterly right-of-way line of Avalon Street, to a 1/2" rebar; thence South 56° 38' 10" East 99.79 feet to a 1/2" rebar; thence South 73° 31' 10" East, 47.66 feet to a 1/2" rebar; thence North 79° 52' 00" East, 108.29 feet to a 1/2" rebar; thence North 70° 29' 20" East, 50.00 feet to a 1/2" rebar; thence South 89° 24' 00" East 54.07 feet to a 1/2" rebar; thence South 00° 11' 48" East, 183.24 feet to a 1/2" rebar; thence South 89° 45' 30" West, 20.00 feet to a 1/2" rebar; thence South 00° 11' 48" East, 20.00 feet to a 1/2" rebar on the Northerly boundary of Sunnyland Subdivision; thence South 89° 45' 30" West, 316.48 feet, along the Northerly boundary of Sunnyland Subdivision to the place of beginning.

PARCEL 2:

Beginning at a point on the Northerly boundary of SUNNYLAND SUBDIVISION being North 89° 45' 30" East 316.48 feet from the Northwest corner of Block 1 of said Subdivision and being the Southeast corner of that tract of land described in Deed Volume M80, page 18,566 of the Klamath County Deed Records; thence South 89° 45' 30" West, along said Northerly boundary, 15.00 feet; thence along the arc of a curve to the right (radius point bears North 89° 45' 30" East 35.00 feet and central angle equals 90° 02' 42") 55.01 feet to a point on the East line of said Deed Volume; thence along the boundaries of said Deed Volume South 00° 11' 48" East 15.00 feet, South 89° 45' 30" West 20.00 feet and South 00° 11' 48" East 20.00 feet to the point of beginning with bearings based on recorded Survey No. 2954.

PARCEL 3:

Lot 6, Block 2 of SUNNYLAND, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

EXHIBIT " A "

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