



After Recording Return to
Housing and Community Services
Attn: Multifamily Housing Section
725 Summer Street, Suite B
Salem, OR 97301-1266

01/28/2011 03:47:32 PM

Fee: \$57.00

SPACE ABOVE FOR RECORDERS USE

1628957

**HOUSING AND COMMUNITY SERVICES DEPARTMENT
STATE OF OREGON**

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is made this 28 day of January, 2011, by and between the State of Oregon, acting by and through its Housing and Community Services Department, (hereafter, the "Subordinator") and Network for Oregon Affordable Housing, an Oregon nonprofit public benefit corporation (hereafter, the "Lender").

RECITALS

- A. Lender intends to make a twenty (20) year loan to Iris Glen Townhomes, LLC ("Borrower"), an Oregon For Profit Limited Liability Company, the owner of property in Klamath County, Oregon, described as described in Exhibit A attached hereby and made a part hereof.
- B. As a condition of the loan, Lender requires that the Trust Deed that will secure Lender's term loan, together with the other loan documents, constitute a first and primary lien against the Property and be binding upon the Borrower and upon all future owners of the Property.
- C. Subordinator has made, or intends to make, certain grants to Borrower, which grants include restrictive covenants pertaining to the Property. Subordinator acknowledges that the covenants for said grants will be enhanced by the Borrower obtaining a term loan such as that which Lender intends to make to Borrower. To induce Lender to make its term loan, the Subordinator agrees and consents to subordinate its interest in the Property to the interest of Lender as more fully set forth below.

AGREEMENT

WHEREFORE, for good and valuable consideration, including the inducement of Lender to make its loan, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Subordinator agrees, covenants and consents to and with Lender, its successors and assigns, that the Subordinator's interest pursuant to the instruments described in Paragraph 2 below affecting the Property, and the restrictions created thereby, always shall be subject, subordinate and junior to the interest of Lender pursuant to Lender's loan documents, or any part of same, to be granted by Borrower and recorded with regard to the Property in favor of Lender securing its loan in the amount of One Million, One Hundred Seventy Five Thousand dollars (\$1,175,000.00) and dedicating the use of the Property to the purposes, and subjecting the Property to the restrictions provided in the Lender's Loan Documents.
2. The instruments subject to this Agreement, which instruments are incorporated herein by this reference, include the following:

- (a) Housing Development Grant program, Grant Agreement, Declaration of Restrictive Covenants and Equitable Servitudes dated July 20, 2009, recorded July 22, 2009, in the Mortgage Records of Klamath County, Oregon as Instrument No. 2009-9979 and amended by Housing Development Grant Program Assignment and Assumption Agreement, Declaration of Restrictive Covenants and Equitable Servitudes dated Jan 28 2011 recorded Jan 28 2011 in the Mortgage Records of Klamath County, Oregon as Instrument No. 2011-1084
- (b) Project Use Agreement, Declaration of Restrictive Covenants and Equitable Servitudes - Low Income Weatherization Program Grant Agreement dated December 9, 2010, recorded December 13, 2010, in the Mortgage Records of Klamath County, Oregon as Instrument No. 2010-014123 and amended by Low-Income Weatherization Program Assignment and Assumption Agreement, Declaration of Restrictive Covenants and Equitable Servitudes dated December 9, 2010, recorded December 13, 2010, in the Mortgage Records of Klamath County, Oregon as Instrument No. 2010-014124.
- (c) 9% Low-Income Housing Tax Credit Declaration of Land Use Restrictive Covenants dated Jan 28 2011, recorded Jan 28 2011 in the Mortgage Records of Klamath County, Oregon as Instrument No. 2011-1085
- (d) Oregon Affordable Housing Tax Credit Program Declaration of Land Use Restrictive Covenants dated Jan 28 2011, recorded Jan 28 2011 in the Mortgage Records of Klamath County, Oregon as Instrument No. 2011-1086

together with any other instrument executed by the Borrower in favor of the Subordinator and affecting the Property.

3. Subordinator agrees, covenants and consents to and with Lender, its successors and assigns, that Subordinator shall provide Lender with at least thirty (30) days written notice of any default by Borrower under the instruments in favor of the Subordinator with respect to the Property and the Subordinator does hereby grant Lender thirty (30) days, or such longer period as is reasonable, to cure any said default by the Borrower. Lender shall have no obligation to effect such a cure, but may do so or not at its sole discretion.

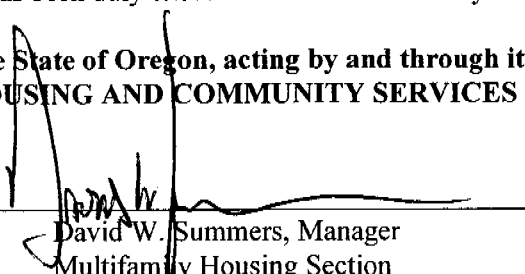
4. It is expressly understood and agreed that nothing herein contained shall be construed to change, alter or impair the Subordinator's Lien, except as hereinabove expressly set forth.

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IN WITNESS WHEREOF, this instrument has been duly executed as of the date and year first above written.

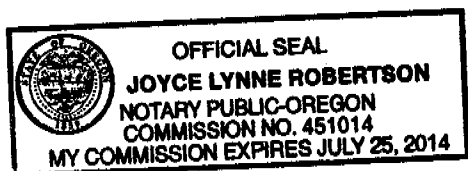
SUBORDINATOR:


The State of Oregon, acting by and through its
HOUSING AND COMMUNITY SERVICES DEPARTMENT

By: 
David W. Summers, Manager
Multifamily Housing Section

STATE OF OREGON)
 : ss
County of Marion)

The foregoing instrument was acknowledged before me this 21st day of January, 2011, by David W. Summers, Manager, Multifamily Housing Section, Oregon Housing and Community Services Department, on behalf of the Department.




NOTARY PUBLIC FOR OREGON
My Commission Expires: July 25, 2014

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LENDER:

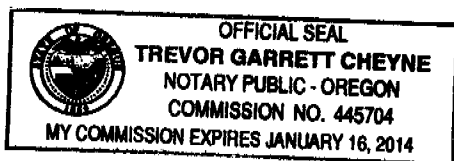
NETWORK FOR OREGON AFFORDABLE HOUSING,
an Oregon nonprofit public benefit corporation

By: Joni Marie A. Hartman
Name: Joni Marie A. Hartman
Title: Deputy Director

STATE OF OREGON)

County of Multnomah) : ss

The foregoing instrument was acknowledged before me this 25 day of January, 2011, by
Joni Marie Hartman of Network for Oregon Affordable Housing, on behalf of said Lender.



Trevor Garrett Cheyne
NOTARY PUBLIC FOR OREGON
My Commission Expires: 1/16/2014

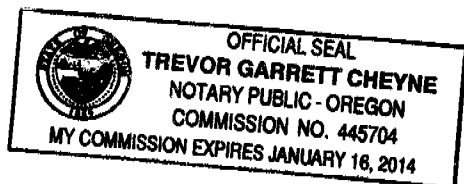
NETWORK FOR OREGON AFFORDABLE HOUSING,
an Oregon nonprofit public benefit corporation

By: Susan A. Sam
Name: Susan A. Sam
Title: Vice President

STATE OF OREGON)

County of Multnomah) : ss

The foregoing instrument was acknowledged before me this 25 day of January, 2011, by
Susan A. Sam of Network for Oregon Affordable Housing, on behalf of said Lender.



Trevor Garrett Cheyne
NOTARY PUBLIC FOR OREGON
My Commission Expires: 1/16/2014

Subordination Agreement to Lender

Iris Glen, Project Number 2871

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EXHIBIT A

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

PARCEL I

A PORTION OF LOTS 4, 5, 6, BLOCK 11, DIXON ADDITION TO THE CITY OF KLAMATH FALLS, IN THE COUNTY OF KLAMATH, STATE OF OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING ON THE EAST SIDE OF HILLSIDE AVENUE AT A POINT 36 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 6, BLOCK 11, DIXON ADDITION TO THE CITY OF KLAMATH FALLS, OREGON; RUNNING THENCE SOUTH ALONG THE EAST SIDE OF SAID HILLSIDE AVENUE A DISTANCE OF 37 FEET; THENCE EAST AND PARALLEL WITH THE NORTH LINE OF SAID LOT 6 TO THE NORTHWESTERLY LINE OF FORT KLAMATH ROAD TO A POINT WHERE SAID LINE INTERSECTS WITH A LINE DRAWN EAST FROM SAID POINT OF BEGINNING AND PARALLEL WITH THE NORTH LINE OF SAID LOT 6; THENCE WEST TO THE POINT OF BEGINNING, BEING A TRACT OF LAND FRONTING 37 FEET ON SAID HILLSIDE AVENUE AND EXTENDING ACROSS LOTS 6, 5 AND 4 OF SAID BLOCK 11 TO FORT KLAMATH ROAD, SITUATE IN SOUTHWEST QUARTER OF SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 38 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, TOGETHER WITH AN EASEMENT FOR A DRIVEWAY ACROSS THE SOUTHERLY AND EASTERLY SIDE OF SAID LOT 4, BLOCK 11, CONVENIENTLY WIDE FOR A DRIVE FROM THE ALLEY IN THE REAR OF SAID LOT 4.

PARCEL II

LOT 3 BLOCK 11, DIXON ADDITION TO KLAMATH FALLS, OREGON, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

PARCEL III

LOTS 4, 6 AND 7 IN BLOCK 12 OF DIXON ADDITION TO THE CITY OF KLAMATH FALLS, OREGON, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

PARCEL IV

LOTS 8 AND 9 IN BLOCK 12 OF DIXON ADDITION TO THE CITY OF KLAMATH FALLS, OREGON, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON. EXCEPTING THEREFROM PORTIONS CONVEYED TO STATE OF OREGON BY AND THROUGH ITS STATE HIGHWAY COMMISSION; PORTION LOT 8 BY DEED RECORD SEPTEMBER 22, 1944 IN VOLUME 169, PAGE 194; AND PORTION OF LOT 9 BY DEED RECORDED OCTOBER 04, 1944 IN VOLUME 169, PAGE 458, DEED RECORDS OF KLAMATH COUNTY, OREGON.

PARCEL V

LOTS 10 AND 11 IN BLOCK 12 OF DIXON ADDITION TO THE CITY OF KLAMATH FALLS, OREGON, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE RECORDS OF KLAMATH COUNTY, OREGON.

NOTE: This legal description was created prior to Januray 1, 2008.

APN: R375356 and R375338 and R375436 and R375463 and R375472 and R375481 and R375490 and R375506 and R375515