

UTC 89208

after Recording:

Rabo Agrifinance Inc.  
12443 Olive Blvd., Suite 50  
St. Louis, MO 63141

2011-002547

Klamath County, Oregon



00097745201100025470060065

02/25/2011 11:33:51 AM

Fee: \$62.00

Windy Ridge\_New Loans\_2011

Lost River - RE Term Loan: 10137500/kld  
Windy Ridge - RE Term Loan: 10170200/kld  
Windy Ridge - Op Line: 10153500/kld  
BVD - Op Line: 10183500/kld

## SUBORDINATION AGREEMENT

THIS AGREEMENT made as of the 7th day of February, 2011, between Lost River Farms, LLC, an Oregon limited liability company (hereinafter referred to as the "Undersigned"), and Rabo Agrifinance, Inc., a Delaware corporation having its principal place of business at 12443 Olive Blvd., Suite 50, St. Louis, MO 63141, (hereinafter referred to as the "Lender").

### WITNESSETH:

**WHEREAS**, Windy Ridge, LLC, an Oregon limited liability company, Bonanza View Dairy, Inc., an Oregon corporation, Lost River Farms, LLC, an Oregon limited liability company, Arie DeJong and Jenneke H. DeJong have applied to the Lender for a loans in the amount of Million Three Hundred Fifty Thousand and no/100 Dollars (\$1,350,000.00), Seven Million One Hundred Fifty Thousand and no/100 Dollars (\$7,150,000.00), Five Million and no/100 Dollars (\$5,000,000.00) and One Million and no/100 Dollars (\$1,000,000.00), to be evidenced by Notes in those amounts of even date herewith and secured by a mortgage, deed of trust or security deed of even date herewith (hereinafter referred to as the "Mortgage") covering the following premises situate in KLAMATH COUNTY, OREGON:

See attached Exhibit "A"

**WHEREAS**, the Undersigned is the holder of the following mortgage, lease, contract of sale, judgment or other encumbrance (hereinafter referred to as the "Encumbrance"):

Agricultural Lease dated August 1, 2007 between Lost River Farms, LLC, as Landlord and Bonanza View Dairy, Inc., as Tenant

**WHEREAS**, to induce the Lender to make said loan, the Undersigned has agreed with the Lender to subordinate to the lien of the Mortgage all right, title and interest of the Undersigned, including the Encumbrance, in and to all or any part of said

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premises;

**NOW, THEREFORE**, in consideration of the premises and of the sum of One Dollar (\$1.00) paid by the Lender to the Undersigned at or before delivery of this Agreement, the receipt of which is hereby acknowledged, the Undersigned hereby covenants and agrees with the Lender that the Encumbrance and any and all of the rights, options, liens and charges therein contained or created thereunder or thereby and all other right, title and interest of the Undersigned in said premises shall be and shall continue to be subject and subordinate in lien to the lien of the Mortgage and to any extensions, renewals and modifications thereof, to the extent of said amount, whether heretofore or hereafter advanced, and to all sums which may be advanced for the payment of taxes, assessments, insurance premiums and otherwise as contemplated by the terms of the Mortgage, together with interest as provided by the Mortgage.

This agreement may not be changed or terminated orally and shall bind and insure to the benefit of the Lender and the Undersigned and their respective heirs, personal representatives, successors and assigns.

**IN WITNESS WHEREOF**, the Undersigned has duly executed this Agreement as of the date and year first above written.

**LOST RIVER FARMS, LLC**, an Oregon limited liability company

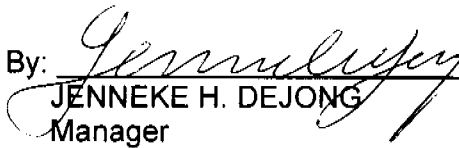
Address for notices:

4721 Harpold Road  
Bonanza, Oregon 97623  
Attention: Arie & Jenneke DeJong

By: \_\_\_\_\_

  
ARIE DEJONG  
Manager

By: \_\_\_\_\_

  
JENNEKE H. DEJONG  
Manager

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SS.

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Denise Amador  
Notary Public

**Notary Public**



## EXHIBIT A

### PARCEL 1:

All those lands situated in Sections 15 and 22, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Section 22: NW1/4, NE1/4 SW1/4, EXCEPTING THEREFROM a tract of land containing 20 acres, more or less, situated in the W1/2 of Section 22 described as follows: That portion of the East 740.00 feet of the NE1/4 SW1/4 of said Section 22 lying South and Southwesterly of West Langell Valley Road and that portion of the East 740.00 feet of the SE1/4 NW1/4 of Said Section 22 lying South and Southwesterly of West Langell Valley Road.

Section 15: S1/2 SW1/4

ALSO: That tract of land described as follows: Beginning at a 1/2 inch iron pin from which the Northwest corner of said Section 15 bears North 01°44'03" West 3681.45 feet; thence South 78°02'07" East 174.45 feet to a 1/2 inch iron pin; thence South 89°52'45" East 231.30 feet to a 1/2 inch iron pin; thence South 89°20'52" East 801.00 feet to a 1/2 inch iron pin; thence South 15°16'07" East 217.00 feet to a 1/2 inch iron pin; thence continuing South 15°16'07" East 20 feet, more or less, to the South line of the N1/2 SW1/4 of said Section 15; thence Westerly along said line to the Southwest corner of the NW1/4 SW1/4 of said Section 15; thence Northerly along the West line of said Section 15 to a point that bears South 81°00'05" West from the point of beginning; thence North 81°00'05" East to a 1/2 inch iron pin set in an existing North-South fence line; thence continuing North 81°00'05" East 76.21 feet to the point of beginning, more or less, with bearings based on Bowne Addition to the Town of Bonanza.

### PARCEL 2:

Township 39 South, Range 11 East of the Willamette Meridian

Section 16: The SW1/4 and all of SE1/4 of NW1/4 lying South of Lost River, EXCEPTING THEREFROM the Westerly 40 feet of SW1/4 SW1/4 lying Southerly of existing county road.

The S1/2 SE1/4 less that portion heretofore deeded to Klamath County, Oregon for road purposes.

Section 17: That part of the S1/2 NE1/4, NE1/4 SW1/4, W1/2 SW1/4 lying South and Easterly of Lost River.

The SE1/4 SW1/4 and SE1/4 lying North of Harpold Road.

Section 20: That portion of the NE1/4 lying North of Harpold Road.

The N1/2 NW1/4 and SW1/4 NW1/4 lying East of Lost River.

Section 21: The N1/2 NE1/4 and SE1/4 NE1/4

PARCEL 3:

A fraction of Section 9 and 16, Township 39 South, Range 11, East of the Willamette Meridian, included within the following described parcels:

All those portions of vacated Bowne Addition to the Town of Bonanza described as follows:

The West 12 1/2 feet of Lots 2 and 23 and all of Lots 3 to 22 inclusive in Block 48; Lots 1 to 18 inclusive and Lots 23 and 24 in Block 49; Lots 13 to 24 inclusive in Block 50; all of Block 67; Lots 3 to 24 inclusive in Block 68; Lots 3 to 22 inclusive and the West 4.5 feet of Lot 23 in Block 69; the West 4.5 feet of Lots 2 and 23 and Lots 3 to 22 inclusive in Block 76; all of Block 77; all of Block 78; also those portions of streets and alleys which attach to said lots and blocks by operation of law by order of vacation shown in Volume 191, page 421, Deed Records of Klamath County, Oregon, including all of vacated Park Avenue, between the centerline of Union Street and the centerline of Price Street

SAVING AND EXCEPTING from the above those portions of Blocks 48 and 49 and vacated Seattle Avenue, lying Northerly of the following described line; beginning at a point in the alley in Block 50 which bears South 0°08' East 141.56 feet from the Northwest corner of Lot 6 in said Block 50; thence South 89°44'50" East 326.97 feet; thence South 76°54'14" East 518.98 feet to a point on the East line of the W1/2 of Lot 23, said Block 48.

ALSO SAVING AND EXCEPTING the North 30 feet of Lots 3 and 4 in Block 69 of said vacated Bowne Addition.

ALSO beginning at the corner common to Sections 9, 10, 15 and 16, Township 39 South, Range 11 East of the Willamette Meridian, which point is on the centerline of Carroll Avenue as platted on Bowne Addition to the town of Bonanza; thence North along said centerline 330 feet, more or less, to its intersection with the centerline of Union Street; thence West along the centerline of Union Street 1110 feet, more or less, to the West line of Park Ave; thence South along the West line of Park Ave, and said West line extended 710 feet, more or less, to the center of Lost River; thence Northeasterly and Easterly along the center of Lost River to the East line of said Section 16; thence North along said Section line a distance of 250 feet, more or less, to the point of beginning.

SAVING AND EXCEPTING the East 45 feet of said parcel heretofore conveyed to Klamath County by deed recorded November 28, 1947 in Volume 214, page 247, Deed Records of Klamath County, Oregon, for road purposes.

All that portion of the NE1/4 of Section 16 lying Southerly of the center of Lost River; the N1/2 SE1/4 of Section 16, LESS portion deeded for road described in Volume 74, page 71, Deed records of Klamath County, Oregon, all in Township 39 South, Range 11 East of the Willamette Meridian.

PARCEL 4:

Lots 19, 20, 21 and 22 in Block 49 of vacated Bowne Addition to the town of Bonanza. Also those portions of the streets and alleys which attach to the aforesaid lots by operation of law through the order of vacation shown in Book 191, page 421, Deed records of Klamath County, Oregon.

PARCEL 5:

Lots 1 and 2 in Block 68 of vacated Bowne Addition to the Town of Bonanza, ALSO those portions of the streets and alleys which attach to the aforesaid lots by operation of Law through the Order of Vacation shown in book 191, page 421, Deed records of Klamath County, Oregon.

PARCEL 6:

All of the following described real property situate in Klamath County, Oregon:

Township 39 South, Range 11 East of the Willamette Meridian.

Section 17: That portion of the SE1/4 of the SE1/4 lying South and East of Harpold Road.

Section 20: The N1/2 of the SE1/4, and the SE1/4 of the SE1/4, and that portion of the NE1/4 lying South of Harpold Road.

PARCEL 7:

All of Section 13, Township 39 South, Range 11 1/2 East of the Willamette Meridian in the County of Klamath, State of Oregon, EXCEPT the NW1/4 NW1/4

PARCEL 8:

The SE1/4, S1/2 NE1/4, SE1/4 SW1/4 Section 14, Township 39 South, Range 11 1/2 East of the Willamette Meridian in the County of Klamath, State of Oregon.

PARCEL 9:

Government Lots 1 and 4, Section 21, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.