

WTC 89058-MS

2011-003200

Klamath County, Oregon



00098477201100032000030032

03/04/2011 03:06:18 PM

Fee: \$47.00

After recording return to:
Bendich, Stobaugh & Strong
701 Fifth Avenue, #6550
Seattle, WA 98104

SUBORDINATION OF LEASE AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT. IT IS RECOMMENDED THAT PRIOR TO EXECUTION OF THIS SUBORDINATION AGREEMENT YOU CONSULT WITH YOUR ATTORNEY.

The undersigned subordinator agrees as follows:

1. NORTHSTATE PACKAGING, INC., referred to herein as "Subordinator", is the lessee of a lease with NorthState Properties, LLC covering the premises located at:

Exhibit "A"

A Memorandum of this lease was recorded at 2011-003199. The Real Property or its address is commonly known as 22325 Stateline Road, Merrill OR 97633.

2. NorthState Properties, LLC owns the real property described in Paragraph 1 and is referred to herein as "Owner."

3. Owner has executed, or is about to execute, a deed of trust in favor of Evergreen Business Capital ("CDC") to secure a note in the original principal amount of \$297,000. This deed of trust and note will be assigned by CDC to the United States Small Business Administration ("SBA"). The deed of trust will be referred to in this document as "the SBA Deed of Trust" and CDC and SBA will be referred to collectively as "Lender."

4. In consideration of benefits to Subordinator from Owner, receipt and sufficiency of which is hereby acknowledged, and to induce Lender to advance funds under the note and all agreements in connection therewith the Subordinator does hereby unconditionally subordinate its interest in the lease identified in paragraph 1 above to the lien of the SBA Deed of Trust, and all advances or charges made or accruing thereunder, including any extension or renewal thereof.

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5. It is understood by the parties hereto that Lender would not make the loan secured by the SBA Deed of Trust without this agreement.

6. This agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of the lien or charge of the lease above mentioned to the SBA Deed of Trust and shall supersede and cancel any prior agreements as to such.

7. The heirs, administrators, assigns and successors in interest of the Subordinator shall be bound by this agreement. Gender and number of pronouns are considered to conform to undersigned.

EXECUTED this 24th day of FEBRUARY, 2011.

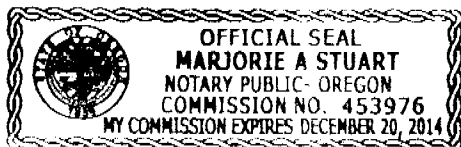
NORTHSTATE PACKAGING, INC.

By: 
Dennis Van Acker, President

State of Oregon)
) ss.
Klamath County)

This instrument was acknowledged before me on 2/24, 2011, by
Dennis Van Acker as President of NORTHSTATE PACKAGING, INC.

Dated: 2/24/11



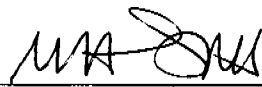

NOTARY PUBLIC in and for the State of
Oregon, residing at Klamath Falls OR
My commission expires: 12/20/14

EXHIBIT "A"
LEGAL DESCRIPTION

Parcel 2 of Land Partition 27-10, situated in the W1/2 of Government Lot 14 and a portion of Government Lot 20 in the SW1/4 of Section 15, Township 41 south, Range 11 east of the Willamette Meridian, Klamath County Oregon. Recorded January 4, 2011 in 2011-000097, records of Klamath County, Oregon

Together with a 30 foot wide private access easement as delineated on the recorded plat of Land Partition 27-10.