

WTC 91595

2011-011818
Klamath County, Oregon

After Recording Return to:
Boivin, Uerlings & Dilaconi, P.C.
Attn: Barbara M. Dilaconi
803 Main Street, Suite 201
Klamath Falls, OR 97601



10/21/2011 02:54:02 PM

Fee: \$77.00

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT, dated this 20th day of October, 2011, between SANFORD WORLD CLINICS, a South Dakota non-profit corporation ("Tenant"), KBQ LLC, an Oregon limited liability company ("Landlord"), and SOUTH VALLEY BANK & TRUST ("Lender").

RECITALS

1. Lender is the current holder of a mortgage made by Landlord in Lender's favor dated September 28, 2011, and filed in the Office of KLAMATH COUNTY Register of Deeds as DEED OF TRUST (the "Mortgage").
2. The Mortgage relates to that certain real estate owned by Landlord, located in Klamath Falls, Oregon at the intersection of Clover Street and Daggett Avenue.
3. Tenant is the tenant, and Landlord is the landlord, under that certain Ground Lease dated October 20, 2011 (the "Lease"), relating to a certain portion of the Real Estate legally described in the Lease and Exhibit A attached hereto (the "Premises").
4. Lender, Landlord and Tenant have requested of and granted to each other the agreements hereinafter stated and desire to evidence said agreements in writing.

NOW, THEREFORE, for good and valuable consideration paid by each to the other, the receipt and sufficiency of which is hereby acknowledged, Landlord, Tenant and Lender hereby agree as follows:

1. Subordination. Except as otherwise provided herein, the Lease is now and shall at all times continue to be, subject and subordinate in each and every respect to the lien of and security interest created by the Mortgage and to any and all renewals, extensions, modifications, substitutions or replacements thereof.
2. Nondisturbance. So long as Tenant is not in default, beyond any applicable cure periods provided in the Lease, in the payment of the rental reserved in the Lease, or in the observance or performance of any of the other terms, covenants or conditions contained in the Lease or in this Agreement on Tenant's part to be observed and performed:
 - (a) Tenant's possession of the Premises and Tenant's rights and privileges under the Lease shall not be terminated, cancelled or in any way disturbed, diminished or interfered with by the Lender during the term of this Lease and any extension or renewal thereof, whether or not the Mortgage is in default and whether or not Lender acquires Landlord's interest in the Lease by foreclosure or deed in lieu of foreclosure, or otherwise.
 - (b) Lender will not join Tenant as a party defendant in any action or proceeding for the purpose of terminating Tenant's interest and estate under the Lease as a result of any default under the Mortgage; provided, however, Lender may join Tenant in

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a foreclosure action if such joinder is necessary for the purpose of foreclosing the Mortgage against Landlord, but then only for such purpose and not for the purpose of terminating the Lease.

- (c) If Lender has control of any funds or allowances owed Tenant by Landlord, Lender shall release the funds or allowances pursuant to the terms of the Lease.

3. Attornment. If the interests of Landlord shall be transferred to and owned by Lender by reason of foreclosure or other proceedings brought by it in lieu of or pursuant to a foreclosure, or by any other manner, and Lender succeeds to the interest of the Landlord under the Lease, Tenant shall be bound to Lender under all of the terms, covenants, and conditions of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, with the same force and effect as if Lender were the landlord under the Lease, and Tenant does hereby attorn to Lender as its landlord, said attornment to be effective and self-operative immediately upon Lender succeeding to the interest of Landlord under the Lease without the execution of any further instruments on the part of any of the parties hereto; provided, however, that Tenant shall be under no obligation to pay rent to Lender until Tenant receives written notice from Lender that it has succeeded to the interest of the Landlord under the Lease. The parties hereto agree that the respective rights and obligations of Tenant and Lender upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such extensions and renewals, shall be and are the same as now set forth therein; it being the intention of the parties for this purpose to incorporate the Lease in this Agreement by reference with the same force and effect as if set forth at length in this Agreement.

4. Representations and Warranties of Landlord. Landlord represents and warrants to Tenant that the Mortgage is the only encumbrance on the Real Estate or on the Premises and that the interest of Tenant under the Lease is not subordinate to any other lien or interest.

5. Rental Payment. Landlord and Lender agree that upon receipt of written notice from Lender that Lender has succeeded to the interest of Landlord under the Lease, that Tenant may pay all rental and other charges reserved under the Lease directly to Lender. Landlord and Lender further agree that any such payments shall be credited by both Lender and Landlord against Tenant's rental and other obligations under the Lease, regardless of whether Lender had the right to make such demand and regardless of any contrary demands which may be made by Landlord.

6. Successors and Assigns; Binding Effect. This Agreement shall be binding upon Landlord, its successors and assigns, shall be binding upon and inure to the benefit of Tenant, its successors, assigns and sublessees and shall be binding upon and inure to the benefit of Lender, its successors and assigns who acquired title thereto from or through Lender.

7. Entire Agreement. This Agreement contains the whole agreement between the parties hereto as to the Mortgage and the priority thereof, herein described, and there are no agreements, written or oral, outside or separate from this Agreement, and all prior negotiations, if any, are merged into this Agreement.

8. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts of this Agreement taken together, shall constitute but one and the same instrument.

9. Interim Lease of Premises. Landlord is currently in the process of formally partitioning (1) the Premises from (2) remaining development land located directly adjacent to the Premises ("Remaining Development Parcel"), in strict conformance with the Partition Plan attached hereto as Exhibit B. Lender's Mortgage also relates to the Remaining Development Parcel. Landlord and Tenant have executed contemporaneously herewith that certain Real Property Purchase Agreement, whereby Landlord agrees to sell to Tenant, and Tenant agrees to buy from Landlord the Premises upon partition. Upon closing of the conveyance of the Premises from KBQ to Sanford, the Lease shall automatically terminate. Additionally, Lender agrees that upon partition and conveyance, it will release the Premises from the Mortgage, subject to the Remaining Development Parcel supporting a maximum loan to value of 65%.

Tenant: SANFORD WORLD CLINICS

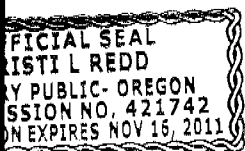
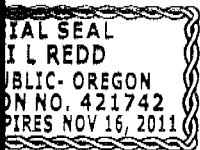
By *James B. Shaw*
Its VP

Landlord: KBQ LLC

By *Robert Quinn*
Its Managing member

Lender: SOUTH VALLEY BANK & TRUST

By *Brian*
Its VP/Regional Credit Administrator



STATE OF Oregon,
COUNTY OF Klamath: SS

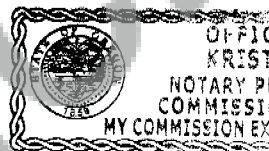
On this, the 20th day of October, 2011, before me, the undersigned officer, personally appeared James D. Slack, who acknowledged himself to be Vice President of Sanford World Clinics, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Vice President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Kristi L. Redd
Notary Public, State of OREGON
My Commission expires: 11/16/2011

STATE OF Oregon,
COUNTY OF Klamath: SS

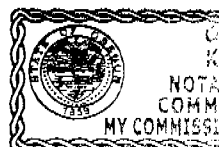


On this, the 20th day of October, 2011, before me, the undersigned officer, personally appeared Robert Quinn, who acknowledged himself to be Managing Member of KBQ LLC, and that he, as such Managing Member, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company by himself as Managing Member.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



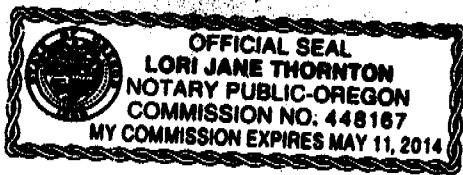
Kristi L. Redd
Notary Public, State of OREGON
My Commission expires: 11/16/2011



STATE OF OREGON)
 : SS
COUNTY OF KLAMATH)

On this, the 20TH day of OCTOBER, 2011, before me, the undersigned officer, personally appeared BRIDGITTE GRIFFIN, who acknowledged ~~himself~~ herself to be VICE PRESIDENT of SOUTH VALLEY BANK & TRUST, and that he, as such herself, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the bank by ~~himself~~ herself as VICE PRESIDENT, REGIONAL CREDIT ADMINISTRATOR KLAMATH/LAKE REGION

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



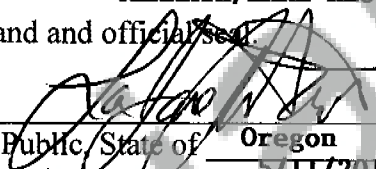

Notary Public, State of Oregon
My Commission expires: 5/11/2014

EXHIBIT A

Legal Description of Premises

Unofficial
Copy

Legal Description

A Portion of Tax Lot 400

A tract of land located in the Southeast One-Quarter of the Northwest One-Quarter (SE 1/4 NW 1/4) of Section Twenty (20), Township Thirty-Eight (38) South, Range Nine (9) East, Willamette Meridian, Klamath Falls, Klamath County, Oregon, said tract of land being more particularly described as follows:

Beginning at the Southwest corner of Lot 2, Block 1, Campus View, Klamath Falls, Klamath County, Oregon, said point being the TRUE POINT OF BEGINNING; thence along the Northerly right-of-way of Daggett Street along an arc of a 1558.11 foot radius curve to the right 217.30 feet, the chord of which bears North 64°59'13" West 217.12 feet; thence leaving said right-of-way line along an arc of a 430.00 foot radius curve the left 77.05 feet, the chord of which bears North 66°06'08" West 76.94 feet; thence along an arc of a 155.00 foot radius curve to the right 47.03 feet, the chord of which bears North 62°32'36" West 46.85 feet; thence North 21°25'52" East 40.57 feet; thence North 88.81 feet; thence East 170.99 feet; thence North 01°30'27" East 19.01 feet; thence East 49.00 feet; thence North 00°31'30" East 84.88 feet to a point on the North line of said SE 1/4 NW 1/4 of Section 20; thence along said North line South 88°11'48" East 90.22 feet to the Northwest corner of said Lot 2, Block 1, Campus View; thence leaving said North line and along the West line of said Lot 2 South 02°42'02" West 374.18 feet to the TRUE POINT OF BEGINNING, containing 1.66 acres, more or less.

Sun Country Engineering & Surveying, Inc.

EXHIBIT B

PARTITION PLAN

Unofficial
Copy

