

MT 91879

AFTER RECORDING RETURN TO:

Northwest Farm Credit Services
Attn: Mitch Stokes
300 Klamath Avenue, Suite 200
Klamath Falls. OR 97601

2011-013678

Klamath County, Oregon



00111236201100136780120120

12/12/2011 11:22:51 AM

Fee: \$97.00

RLF Klamath Properties, LLC
Customer/Note No. 074826-441, 442

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") is made effective as of December 9, 2011, by and among NORTHWEST FARM CREDIT SERVICES, FLCA ("Lender"), a corporation whose address is 1700 South Assembly Street, Spokane, WA 99224-2121, P.O. Box 2515, Spokane, WA 99220-2515, COLUMBIA PLYWOOD CORPORATION, a North Carolina corporation, whose address is 4949 Hwy 97 S. Klamath Falls, OR 97601, Attn: Mark Slezak, ("Purchaser") and RLF KLAMATH PROPERTIES, LLC, a Colorado limited liability company, whose address is 619 N. Cascade Avenue, Suite 200, Colorado Springs, CO, 80903 ("Borrower").

WITNESSETH:

RECITALS

WHEREAS, Lender and Borrower have entered into or will enter into two certain Notes ("Note"), together with a Deed of Trust and related documents (the "Loan Documents") referenced as Loan Nos. 074826-441 and 074826-442. The Notes will be dated on or around December 9, 2011, with final maturity dates of January 1, 2019, and principal not to exceed \$8,001,000.00 (not including sums spent for the reasonable protection of the collateral, and certain indemnities, fees, costs, expenses and funding losses provided for in the Loan Documents); and

WHEREAS, Borrower and Purchaser have entered into a certain Timber Purchase and Sale Agreement, dated November 17, 2011 (which agreement, as the same may hereafter be amended and supplemented, is hereinafter collectively called the "Timber Agreement"), whereby

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Borrower has sold to Purchaser certain timber (the "2012 Timber") located on the property described on Schedule A (the "Property"), attached hereto and made a part hereof, as evidenced by that certain Timber Deed dated November 18, 2011 which was recorded in the Official Records of Klamath County, Oregon (the "Official Records") on November 23, 2011 as Instrument No. 2011-013079, (the "2012 Timber Deed") and whereby Borrower has agreed to sell to the Purchaser certain additional timber located on the Property (the "2013 Timber"); and

WHEREAS, Lender's Note is secured by, among other things, Borrower's collateral assignment of the Timber Agreement as provided for in the Loan Documents; and

WHEREAS, Purchaser acknowledges that Lender is willing to enter into the Loan Documents with Borrower only on the condition that Purchaser and Borrower duly execute and deliver this Agreement to Lender.

NOW, THEREFORE, the parties hereto, in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

1. Borrower and Purchaser represent that the Timber Agreement is in full force and effect, there is no event of default under the Timber Agreement, or no condition that currently exists to the best of Borrower or Purchaser's knowledge and belief, that would ripen into an event of default under the Timber Agreement.

2. Subject to the terms and conditions of this Agreement, the Timber Agreement and any and all extensions, modifications and renewals thereof, along with all Purchaser's rights and interests expressed therein, are hereby subjected and subordinated to that certain Deed of Trust from Borrower to Lender, as well as to all extensions, modifications and renewals thereof and to the indebtedness secured thereby and pertaining to the property given as security for certain loan obligations from Borrower to Lender as recorded in the Official Records on 12/12/2011, as Document No. 2011-013079 of the Official Records (such Deed of Trust and all extensions, modifications and renewals thereof are referred to herein as the "Deed of Trust"). The Deed of Trust encumbers the Property, but does not encumber the 2012 Timber.

3. Lender, on behalf of itself and any other party acquiring an interest in the Deed of Trust or an interest in the Property pursuant to any exercise of rights or remedies under the Deed of Trust (including, without limitation, a foreclosure, deed in lieu of foreclosure, or any similar action) (collectively, the "Acquirer"), acknowledges that so long as Purchaser has not been determined by a court of competent jurisdiction to be in default under any of the material terms and provisions of the Timber Agreement, Lender hereby represents, covenants and warrants that neither Lender nor any other Acquirer shall disturb Purchaser's quiet enjoyment of and full realization of rights under the Timber Agreement and Purchaser's rights to possession, ownership, harvest, and removal of the 2012 Timber or Purchaser's rights to acquisition, possession, ownership, harvest, and removal of the 2013 Timber. Nor shall the rights granted by the Timber Agreement be affected in any manner whatsoever. Nor shall the obligations and/or duties of the parties thereunder be modified or amended in any way, notwithstanding any foreclosure or proceedings in lieu thereof affecting the timber to be acquired, whether or not

Purchaser is made a party thereto. Lender specifically agree the 2013 Timber shall be released from the lien of the Deed of Trust upon payment to Borrower of the purchase price to be paid by Purchaser for the 2013 Timber pursuant to the terms of the Timber Agreement. Borrower agrees to enforce such specific release provision for the benefit of Purchaser, and Lender, on behalf of itself and any other Acquirer, agrees that in the event of any foreclosure, deed in lieu of foreclosure, or similar action, Lender or the applicable Acquirer, as the case may be, shall release the 2013 Timber from the lien of the Deed of Trust upon Purchaser's payment of such purchase price for the 2013 Timber pursuant to the terms of the Timber Agreement.

4. Lender, on behalf of itself and any other Acquirer, acknowledges that title to the 2012 Timber has passed to Purchaser, and that neither Lender nor any Acquirer has or may obtain any interest in the 2012 Timber, except reversion rights as specifically set forth in the 2012 Timber Deed. Lender, on behalf of itself and any other Acquirer, further acknowledges and agrees that upon passage of title to the 2013 Timber to Lender or any other Acquirer, in a foreclosure, similar action, or proceedings or conveyance in lieu thereof, the party acquiring title shall thereupon, by virtue of such acquisition of title and continued ownership, and without execution of any further instruments or documents, be deemed to be the seller for all purposes of the Timber Agreement during the entire period of such ownership, and shall be deemed to have assumed the full and complete performance of all obligations and/or duties of the Borrower as set forth in the Timber Agreement applicable to the 2013 Timber.

5. In the event that Lender, or any other Acquirer, succeeds to the interest of Borrower under the Timber Agreement by foreclosure or similar action, or by acquisition of title to the Property in lieu of foreclosure, or by any other action taken under the Deed of Trust by Lender or any other Acquirer; or in the event that Lender exercises the rights granted to it by assignment, Purchaser hereby agrees to be bound to Lender, or such other party, under all of the terms, covenants and conditions of the Timber Agreement. Purchaser further agrees that it shall be liable to and recognize Lender, or such Acquirer, as Purchaser's new seller for the balance of the payments under the Timber Agreement and subject to all terms and conditions therein. Borrower and Purchaser both agree that the Timber Agreement and the rights of Purchaser thereunder, including Purchaser's use of easements and rights of renewal granted therein, shall continue in full force and effect as a direct agreement between Purchaser and Lender, or such other Acquirer, upon all the terms and conditions as set forth in the Timber Agreement. Lender, or such other Acquirer, further represents and warrants that the rights of Purchaser thereunder shall not be terminated or disturbed except in accordance with and pursuant to the terms and conditions of the Timber Agreement. Upon Purchaser's receipt of Lender's, or such other Acquirer's, written request, Purchaser shall thereafter make payments, as set forth in the Timber Agreement, as instructed by Lender or such other party, and Borrower agrees that Purchaser is entitled to rely on any such notice of Lender or any other Acquirer and shall have no liability whatsoever to Borrower with respect to any payments made to Lender or any other Acquirer pursuant to any such notice. Such request shall be forwarded to Purchaser by certified mail, return receipt requested or registered mail, postage prepaid.

6. If Lender succeeds to the interest of Borrower or any successor to Borrower, in no event shall Lender have any liability for any act or omission of Borrower or any prior seller under the

Timber Agreement which occurs prior to the date Lender succeeds to the rights of Borrower under the Timber Agreement.

7. Purchaser agrees not to amend, modify or extend the Timber Agreement without Lender's prior written consent which shall not be unreasonably withheld, conditioned, or delayed, and shall not require the payment of any fees by Purchaser. Purchaser and Borrower further agree with Lender that they will not voluntarily subordinate the Timber Agreement to any lien or encumbrance without Lender's prior written consent.

8. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute and be construed as one and the same instrument.

9. All remedies of the parties hereto are cumulative and shall be in addition to any and all other rights and remedies provided by law and by other agreements between Lender and Purchaser and others. If any party consists of multiple individuals or entities, each of same shall be jointly and severally liable for the obligations of such party hereunder.

10. All notices, requests and demands required hereunder must be in writing, addressed to each party at the address specified above or to such other address as any party may designate by written notice to each other party, and shall be deemed to have been given or made as follows: (a) if personally delivered, upon delivery; (b) if sent by mail, upon the earlier of the date of receipt or three (3) business days after deposit in the U.S. Mail, first class and postage prepaid; and (c) if sent by telecopy, upon receipt.

11. This Agreement shall be interpreted and construed in accordance with and governed by the laws of the State of Oregon.

12. This Agreement shall apply to, bind and inure to the benefit of the parties hereto and their respective successors and assigns.

13. If any party to this Agreement finds it necessary to adjudicate this Agreement or to employ an attorney for the enforcement of any of the provisions herein, then the prevailing party, or if there is no prevailing party, the substantially prevailing party, shall be awarded its attorneys' fees and costs.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

LENDER:

NORTHWEST FARM CREDIT SERVICES, FLCA

By: 

Authorized Agent

BORROWER:

RLF Klamath Properties, LLC, a limited liability company

By: Resource Land Fund IV, LLC, manager

By: [Signature]
Aaron M. Patsch, Authorized Representative

PURCHASER:

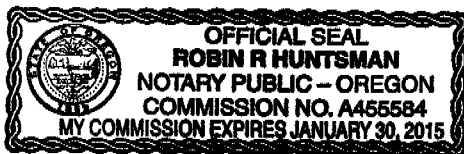
Columbia Plywood Corporation, a North Carolina corporation

By: Mark Slezak
Mark Slezak, Timber Manager [Title]

STATE OF Oregon)
)ss.

County of Klamath)

On this 12th day of December, 2011, before me personally appeared Mitchell K Stokes, known to me to be the Authorized Agent of Northwest Farm Credit Services, FLCA, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and each on oath stated that he was authorized to execute said instrument.



Robin Huntsman
Notary Public for the State of Oregon
Residing at Klamath Falls, OR
My commission expires Jan. 30, 2015
Printed Name Robin Huntsman

BORROWER:

RLF Klamath Properties, LLC, a limited liability company

By: Resource Land Fund IV, LLC, manager

By: 
Aaron M. Patsch, Authorized Representative

PURCHASER:

Columbia Plywood Corporation, a North Carolina corporation

By: _____
Mark Slezak, _____ [Title]

STATE OF _____)
)ss.
County of _____)

On this _____ day of _____, 2011, before me personally appeared _____, known to me to be the Authorized Agent of Northwest Farm Credit Services, FLCA, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and each on oath stated that he was authorized to execute said instrument.

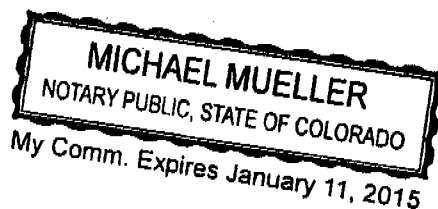
Notary Public for the State of _____
Residing at _____
My commission expires _____
Printed Name _____

STATE OF Colorado)
County of El Paso)ss.

On this 9th day of December, 2011, before me personally appeared Aaron M. Patsch, known to me to be the Authorized Representative of Resource Land Fund IV, LLC, the limited liability company that executed the within instrument as a manager in RLF Klamath Properties, LLC, the limited liability company that executed the within instrument, and acknowledged that such limited liability company executed the same as such manager and in the company name freely and voluntarily, and each on oath stated that they were authorized to execute said instrument.

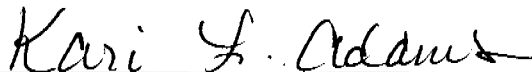


Printed Name Michael Mueller
Notary Public for the State of CO
Residing at 619 N. Cascade Ave 80904
My commission expires Jan 11, 2015



STATE OF Oregon)
County of Klamath)ss.

On this 12th day of December, 2011, before me personally appeared Mark Slezak, known to me to be the Timber Manager of Columbia Plywood Corporation, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and on oath stated that he/she was authorized to execute said instrument.

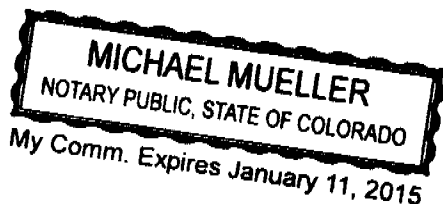


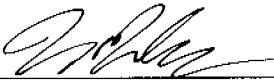
Notary Public for the State of Oregon
Residing at Klamath Falls, OR
My commission expires 2/11/2015
Printed Name Kari L. Adams



STATE OF Colorado)
County of El Paso)ss.

On this 9th day of December, 2011, before me personally appeared Aaron M. Patsch, known to me to be the Authorized Representative of Resource Land Fund IV, LLC, the limited liability company that executed the within instrument as a manager in RLF Klamath Properties, LLC, the limited liability company that executed the within instrument, and acknowledged that such limited liability company executed the same as such manager and in the company name freely and voluntarily, and each on oath stated that they were authorized to execute said instrument.




Printed Name Michael Mueller
Notary Public for the State of CO
Residing at 619 N. Casale Ave 80904
My commission expires Jan 11, 2015

STATE OF _____)
County of _____)ss.

On this _____ day of _____, 2011, before me personally appeared _____, known to me to be the _____, of Columbia Plywood Corporation, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and on oath stated that he/she was authorized to execute said instrument.

Notary Public for the State of _____
Residing at _____
My commission expires _____
Printed Name _____

SCHEDULE A TO SNDAA
Legal Description of Timberlands

Parcel 1:

Township 37 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon

- Section 1: Government Lots 1, 2, 3 and 4; S1/2 N1/2; S1/2
Section 2: Government Lots 1, 2, 3 and 4; S1/2 N1/2; S1/2
Section 3: Government Lots 1, 2 and 3; SW1/4 NW1/4; W1/2 SW1/4; SE1/4 SW1/4; S1/2 NE1/4;
SE1/4; Government Lot 4 excepting therefrom the
S1/2 N1/2 NE1/4 NW1/4; N1/2 S1/2 NE1/4 NW1/4; N1/2 SE1/4 NW1/4;
N1/2 S1/2 SE1/4 NE1/4 of said Government Lot 4
Section 4: Government Lots 1, 2, 3 and 4; S1/2 N1/2; N1/2 SW1/4; SE1/4 SW1/4; SE1/4;
SW1/4 SW1/4
Section 5: Government Lots 1, 2, 3 and 4; S1/2 N1/2; S1/2
Section 6: Government Lots 1, 2 and 3; S1/2 NE1/4; N1/2 SE1/4; SE1/4 SE1/4
Section 8: N1/2; SE1/4
Section 9: NE1/4 NW1/4; S1/2 NW1/4; NW1/4 SW1/4; S1/2 SW1/4; E1/2; NW1/4 NW1/4;
NE1/4 SW1/4
Section 10: All
Section 11: All
Section 12: All
Section 13: E1/2 NW1/4; E1/2 SW1/4; NE1/4; W1/2 SE1/4; SE1/4 SE1/4
Section 14: NW1/4; W1/2 NE1/4; SE1/4 NE1/4; N1/2 SE1/4 SW1/4 SE1/4;
W1/2 SW1/4; SE1/4 SW1/4; that portion of the NE1/4 SW1/4 lying northeasterly of Swan Lake
Road
Section 15: All
Section 16: All
Section 17: E1/2 E1/2
Section 21: NW1/4 NW1/4; E1/2 NW1/4; NE1/4; NE1/4 SW1/4; SE1/4
Section 22: All
Section 23: All
Section 24: W1/2 NW1/4; SE1/4 NW1/4; NE1/4 NE1/4; S1/2
Section 25: NE1/4 NE1/4
Section 26: N1/2; SW1/4; W1/2 SE1/4; NE1/4 SE1/4
Section 27: All
Section 28: N1/2 NE1/4; SE1/4 NE1/4; NE1/4 SE1/4
Section 34: All
Section 35: W1/2; W1/2 NE1/4; SE1/4; SE1/4 NE1/4
Section 36: SW1/4

Parcel 2:

Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon

Section 2: Government Lots 3 and 4

Section 3: Government Lots 1 and 2

Parcel 3:

Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon

Section 4: SW1/4 NW1/4; W1/2 SE1/4

Section 5: S1/2; S1/2 N1/2

Section 6: Government Lots 2, 3, 4, 5, 6, 7 and 9; SW1/4 NW1/4; S1/2 NE1/4;
E1/2 SW1/4; SE1/4

Section 7: Government Lots 1, 2, 3 and 4; E1/2 W1/2; SE1/4; N1/2 NE1/4;
SW1/4 NE1/4; W1/2 SE1/4 NE1/4

Section 8: NE1/4 excepting the W1/2 W1/2 SW1/4 NE1/4

Section 9: NW1/4

Section 18: Government Lots 1, 2, 3 and 4; E1/2 NW1/4; NE1/4 SW1/4;
W1/2 NW1/4 SE1/4; W1/2 W1/2 NE1/4

Parcel 1:

Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon

- Section 1: Government Lots 1, 2, 3 and 4; S1/2 N1/2; S1/2
- Section 2: Government Lots 1, 2, 3 and 4; S1/2 N1/2; S1/2
- Section 3: Government Lots 1, 2, 3 and 4; S1/2 N1/2; E1/2 SW1/4; NE1/4 SE1/4
- Section 4: Government Lots 1 and 2
- Section 10: NW1/4 NW1/4
- Section 11: NE1/4; N1/2 SE1/4; SE1/4 SE1/4; W1/2 SW1/4; NW1/4 NW1/4;
E1/2 NW1/4
- Section 12: All
- Section 13: N1/2; NE1/4 SW1/4; SE1/4
- Section 14: NE1/4 NE1/4
- Section 24: E1/2 NE1/4; NE1/4 SE1/4

Parcel 2:

Township 37 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon.

- Section 7: All
- Section 8: All; EXCEPTING therefrom that portion within the O C & E Railroad right of way
- Section 9: E1/2 lying South of Bliss Road (formerly Squaw Flats Road); S1/2NW1/4; SW1/4;
EXCEPT that portion lying within the boundaries of the Oregon-California and Eastern Railway Company's right of way; and ALSO EXCEPTING therefrom that portion conveyed to County of Klamath for road purposes as described in Deed dated January 28, 1928 in Book 79 at page 420, Deed Records of Klamath County, Oregon
- Section 10: SW1/4 NW1/4; SW1/4; EXCEPTING therefrom that portion conveyed to Leon F. Challis by deed dated October 10, 1944 and recorded October 13, 1944 in Volume 169, page 592, Deed records of Klamath County, Oregon
- Section 14: E1/2 E1/2; SE1/4 SW1/4 EXCEPTING therefrom that portion conveyed to Leon F. Challis by deed dated October 10, 1944 and recorded October 13, 1944 in Volume 169, page 592, Deed records of Klamath County, Oregon
- Section 15: NW1/4; S1/2; NE1/4; EXCEPTING therefrom that portion conveyed to Leon F. Challis by deed dated October 10, 1944 and recorded October 13, 1944 in Volume 169, page 592, Deed records of Klamath County, Oregon. ALSO EXCEPTING therefrom that portion within the O C & E Railroad right of way
- Section 16: All; EXCEPTING therefrom that portion within the O C & E Railroad right of way
- Section 17: All
- Section 18: All
- Section 19: All
- Section 20: All
- Section 21: All
- Section 22: All
- Section 23: All that portion lying Southwest of the Sprague River County Road;
- Section 26: NE1/4 lying southwest of the Sprague River County Road; W1/2 SE1/4; SW1/4; NW1/4;

(Legal Description Continued)

EXCEPTING therefrom that portion within the O C & E Railroad right of way

Section 27: NW1/4; N1/2 SW1/4; N1/2 SE1/4 NE1/4; EXCEPTING therefrom that portion within
the O C & E Railroad right of way

Section 28: N1/2; NW1/4 SW1/4

Section 29: All

Section 30: All