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2012-013961

Klamath County, Oregon

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**SUBORDINATION, NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT**

**FIRST AMERICAN TITLE INSURANCE COMPANY**

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") is dated as of the \_\_\_\_ day of \_\_\_\_\_, 2012, by and among **UNITED FARM FAMILY LIFE INSURANCE COMPANY** ("Lender"), **BEACON HILL LAND LLC**, a(n) Oregon limited liability company ("Landlord"), and **FIRST AMERICAN TITLE COMPANY OF OREGON**, an Oregon corporation, together with its successors and assigns as to the Lease ("Tenant").

**WITNESSETH:**

WHEREAS, Tenant is the tenant under a certain lease, as amended from time to time (the "Lease"), covering a portion of the premises located at 404 Main Street, Klamath Falls, Oregon 97601, as more particularly described on Exhibit A hereto, together with all improvements of any type now or hereafter located thereon (hereinafter collectively called the "Premises"); and

WHEREAS, Lender has made a loan to Landlord (the "Loan"), which is secured by, among other things, a Mortgage, Security Agreement, Assignment of Rents and Leases and Fixture Filing (the "Mortgage") of the Premises, provided that Tenant shall subordinate Tenant's interest in the Lease and in the Premises as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the sum of One Dollar (\$1.00) by each party in hand paid to the other, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. Subject to the terms and conditions of this Agreement, Tenant agrees that, the Lease, and all rights, options, liens or charges created thereby, is hereby made and shall be subject and subordinate to the lien of the Mortgage and the security interest created thereby insofar as it affects the Premises and to all renewals, modifications, consolidations, replacements and extension thereof. Notwithstanding the foregoing, Tenant agrees that Lender may at any time, at its election, execute and record in the Office of the County Recorder of Klamath County, State of Oregon, a notice of subordination reciting that the Lease shall be superior to the Mortgage. From and after the recordation of such notice of subordination, the Mortgage shall be subordinate to the Lease and the Lease shall not be extinguished by any foreclosure of the Mortgage or sale thereunder.

2. Tenant agrees that it will attorn to and recognize Lender upon breach or default by Landlord under the Mortgage, any purchaser at a foreclosure or other sale under the Mortgage,

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any transferee who acquires the Premises by deed in lieu of foreclosure, and the successors and assigns of such purchasers, as its landlord for the unexpired balance (and extensions, if exercised) of the term of the Lease, upon the same terms and conditions set forth in the Lease.

3. So long as Tenant is not in default, beyond any cure period provided for in the Lease, in the payment of rent or in the performance of any of the terms, conditions, covenants or conditions of the Lease on Tenant's part to be performed, Tenant's possession of the Premises and Tenant's rights and privileges under the Lease, or any renewals, modifications, or extensions thereof which may be effected in accordance with any option granted in the Lease, shall not be diminished or interfered with by Lender, and Tenant's occupancy of the Premises shall not be disturbed by Lender during the term of the Lease or any such renewals, modifications, or extensions thereof.

4. If it should become necessary to exercise remedies under the Mortgage or if Lender shall otherwise take control of the Premises or succeed to the interest of Landlord under the Lease, Lender shall not terminate the Lease nor join Tenant in summary proceedings so long as Tenant is not then currently in default, beyond any cure period provided for in the Lease, under any of the terms, covenants or conditions of the Lease.

5. Tenant shall have no right to appear in any foreclosure proceedings brought under the Mortgage, provided Tenant is not named in any such proceeding.

6. If Lender shall become owner of the Premises by reason of foreclosure or otherwise, or Lender succeeds to the interests of Landlord under the Lease, then during the period of Lender's ownership of such interest, but not thereafter, Lender shall be bound to Tenant under all the terms, covenants and conditions of the Lease, and during the period of Lender's ownership of Landlord's interests in the Lease, Tenant shall have the same remedies against Lender for the breach of an agreement contained in the Lease that Tenant would have had against the Landlord if Lender had not become such owner or had not succeeded to Landlord's interest therein; PROVIDED, HOWEVER, Lender shall not be:

(a) liable for any act or omission of any prior landlord (including Landlord) or prior to Lender obtaining possession of title to the Property;

(b) liable for the return of any security deposits (except such as have been delivered to it);

(c) subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord) or which arise prior to the date Lender obtains possession or title to the Property, except as expressly set forth in the Lease;

(d) bound by any rent or additional rent which Tenant might have paid for more than the current month to any prior landlord (including Landlord), unless any such payment (i) is specifically required by the Lease (ii) has been delivered to Lender or (iii) represents any overpayment of estimated operating expenses, taxes and similar expenses;

(e) bound by any Material Modification of the Lease made without its consent;

(f) unless such assignment or sublease does not require Landlord's consent pursuant to Article 6 of the Lease, bound by the consent of any prior landlord (including Landlord) to any assignment or sublease of Tenant's interest in the Lease made without also obtaining Lender's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned; or

(g) personally liable for any default under the Lease or any covenant on its part to be performed thereunder as landlord, it being acknowledged that Tenant's sole damages remedy in the event of such default shall be to proceed against Lender's interest in the Premises and the property upon which it is located (including without limitation, any income or sales proceeds received therefrom and insurance or condemnation proceeds received therefor). The foregoing shall not preclude Tenant from pursuing and obtaining other equitable remedies.

As used herein, "Material Modification" means a modification of the Lease that results in a shorter lease term (including a termination), the reduction of total rent or any offsets against future rents, except as may be provided for in the Lease or resulting from the exercise of any right provided for under the Lease.

7. Tenant hereby acknowledges that the entire interest of Landlord in and to the Lease, and all sums due thereunder, is being assigned to Lender pursuant to the terms of the assignment of rents and leases contained in the Mortgage. Tenant further acknowledges and agrees that:

(a) except as expressly permitted in the Lease, the Lease cannot be terminated by Landlord (either directly or by the exercise of any option which could lead to termination), or consent be given to the release of any party having liability thereon by Landlord, without the prior written consent of Lender, and without such consent no rent may be collected or accepted by Landlord more than one (1) month in advance;

(b) whether or not Lender shall have taken possession of the Premises, upon receipt of written notice from Lender to Tenant that an Event of Default has occurred under the loan documents, Tenant shall pay all rent and other sums due under the Lease (including, without limitation, termination fees) to Lender at its address hereinafter set forth or to such other address as Lender shall specify by written notice to Tenant; Tenant shall honor such demand upon receipt of written notice from Lender and pay its rent and all other sums due under the Lease directly to Lender or as otherwise required pursuant to such notice. Landlord agrees that Tenant shall have the right to rely on any notice from Lender or its successors without incurring any liability to Landlord. Landlord hereby instructs Tenant to disregard any notice to the contrary received by Tenant from Landlord or any third party. Landlord acknowledges that any payment made to Lender will be credited against any rent owed to Landlord by Tenant. Landlord hereby releases Tenant from all claims, losses, and liabilities arising from Tenant's payment of rent or other

sums to Lender or its successor following Tenant's receipt of written notice from Lender directing Tenant to make such payments to Lender or its successors; and

(c) any notices to be sent among the parties hereto shall be delivered in hand by recognized national overnight express courier service, or by registered or certified mail at the following respective addresses:

If to Lender: United Farm Family Life Insurance Company  
225 S. East Street  
Indianapolis, Indiana 46202  
Attn: Director, Investments

If to Landlord: Beacon Hill Land LLC  
2105 NW 135<sup>th</sup> Avenue  
Portland, Oregon 97229  
Attn: Patrick Brown

If to Tenant: First American Title Insurance Company  
404 Main Street, Suite 1  
Klamath Falls, Oregon 97601  
Attn: Manager

With copy to: First American Title Insurance Company  
1 First American Way  
Santa Ana, California 92707  
Attn: Corporate Real Estate Department

8. Notwithstanding anything in the Lease to the contrary, Tenant agrees that it shall notify Lender in writing of the occurrence of any default by Landlord under the Lease. Tenant further agrees that Lender shall have the same time period, if any, granted to Landlord under the Lease to cure such default, plus such additional reasonable period of time in which to foreclose the Mortgage if necessary to cure such default, prior to Tenant exercising any termination right or bringing an action for damages.

9. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

10. By execution hereof, Landlord consents to the execution hereby by Tenant and agrees that such execution is not and shall not be or cause a default under the Lease.

11. By execution hereof, Tenant waives Tenant's rights of termination pursuant to Article 22 of the Lease with regard to the Loan, the Mortgage or this Agreement.

12. This Agreement may be executed in multiple counterparts, all of which counterparts taken together shall constitute the complete Agreement.

*[Signatures on following pages]*

IN WITNESS WHEREOF, the parties hereto have executed this Subordination, Non-Disturbance and Attornment Agreement as of the date and year first above written.

**"LENDER"**

UNITED FARM FAMILY LIFE INSURANCE  
CORPORATION, an Indiana corporation

By: Lee Livermore  
Lee E. Livermore,  
Executive Director of Investments

STATE OF Indiana  
COUNTY OF Marion ) SS:

Before me, a Notary Public in and for said County and State, personally appeared Lee E. Livermore, the Executive Director of Investments of United Farm Family Life Insurance Company, who, being first duly sworn, acknowledged the execution of the above and foregoing instrument for and on behalf of such entity.

Witness my hand and Notarial Seal this 14 day of November, 2012

My Commission Expires:

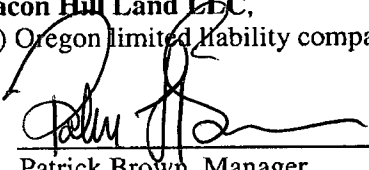
7-9-14  
Resident of Marion County

Deborah S. Kunstek  
DEBORAH S. KUNSTEK, Notary Public  
(Printed)

IN WITNESS WHEREOF, the parties hereto have executed this Subordination, Non-Disturbance and Attornment Agreement as of the date and year first above written.

**"LANDLORD"**

**Beacon Hill Land LLC,**  
a(n) Oregon limited liability company

By:   
Patrick Brown, Manager

STATE OF OR )  
COUNTY OF WASH ) SS:

Before me, a Notary Public in and for said County and State, personally appeared Patrick Brown, the Manager of Beacon Hill Land LLC, an Oregon limited liability company, who, being first duly sworn, acknowledged the execution of the above and foregoing instrument for and on behalf of such entity.

Witness my hand and Notarial Seal this 12 day of Dec, 2012.

My Commission Expires:

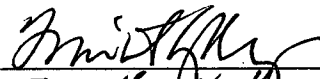
3-17-2013  
Resident of WASH County

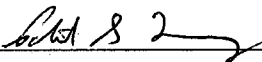
  
(Printed) \_\_\_\_\_, Notary Public

IN WITNESS WHEREOF, the parties hereto have executed this Subordination, Non-Disturbance and Attornment Agreement as of the date and year first above written.

**"TENANT"**

**First American Title Company of Oregon,**  
an Oregon corporation

By:   
Name: Timothy V. Kemp  
Title: SVP, Assistant Secretary

By:   
Name: Patrick C. Franklin  
Title: President



## ACKNOWLEDGMENT

State of California

County of Orange )

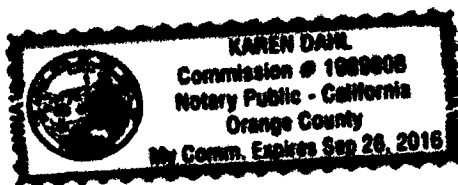
On December 3, 2012 before me, Karen Dahl, notary public  
(insert name and title of the officer)

personally appeared Timothy V. Kemp,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose  
name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that  
he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by  
his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of  
which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



## ACKNOWLEDGMENT

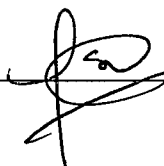
State of California  
County of Orange )

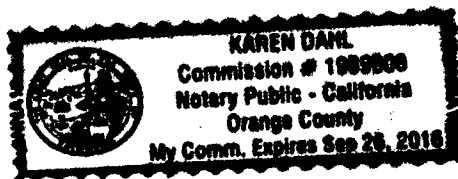
On December 6, 2012 before me, Karen Dahl, notary public  
(insert name and title of the officer)

personally appeared Patrick G. Farenga,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose  
name(s) is/are subscribed to the within instrument and acknowledged to me that  
he/she/they executed the same in his/her/their authorized capacity(ies), and that by  
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of  
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



## **EXHIBIT A**

### **LEGAL DESCRIPTION**

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

#### **PARCEL 1:**

Lot 5 Block 36, ORIGINAL TOWN OF KLAMATH FALLS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. EXCEPTING THEREFROM the Southeasterly 8 feet for alley.

#### **PARCEL 2:**

One foot strip off of the easterly side of Lot 5, all of the Westerly half of Lot 6, the West half of the East half of Lot 6, and being 50 feet and 10 1/2 inches on Main Street and 120 feet deep in Block 36 in the City of Klamath Falls (being the Original Town of Linkville), as shown on the duly recorded Plat thereof (said grant being further described in Vol. 37, Deed records, at page 131); also an undivided one-half (1/2) interest in and to a seventeen (17) inches off of the Westerly side of the East Half of the East Half (E. 1/2 of E. 1/2) of Lot 6, Block 36, Town of Linkville (now the City of Klamath Falls), and also the right to the use of that certain stairway which now leads to the second floor of the building located and situated on the East 1/2 of the East 1/2 of said Lot 6, in Block 36 (described in Vol. 36, Deed records, at page 213.)

#### **PARCEL 3:**

Lots 6, 7 and 8 in Block 85 Klamath Addition to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Tax Parcel Number: R476318 and R476327 and R477068