

2013-013733

Klamath County, Oregon

12/16/2013 02:46:25 PM

Fee: \$72.00

AFTER RECORDING, RETURN TO:

Nordstern Securities Corp.
2700-700 West Georgia St.
Vancouver, BC Canada V7V1B8

MTC 9954-8H

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE SIGNER'S SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INTEREST.

This subordination agreement is executed this 14th day of November, 2013 by PR KLAMATH OREGON LIMITED PARTNERSHIP, a Nevada limited partnership (herein "Subordinator").

RECITALS

1. Pahlisch Homes, Inc, an Oregon Corporation, (herein "Owner"), is the Owner of the following described real property situated in Klamath County, Oregon to:

Lots 63, 64, 65, 66, 67 and 68 of Pheasant Run, Klamath County, Oregon.

2. Owner has made application for a loan in the amount of \$875,000 from Innovation Capital Corporation, a British Columbia Company as to 60% and Nordstern Securities Corporation, a British Columbia Company as to 40%, (herein "Lender"), to be secured by a trust deed or mortgage against the real property above described, (herein "Lender's encumbrance").

3. Subordinator has an interest in or lien upon the real property as beneficiary under a deed of trust dated 10/9/2013, and recorded on 10/9/2013 in Volume 2013, Page 011476, in the official records of Deschutes County, State of Oregon, which interest is hereinafter referred to as "Subordinator's Lien".

4. Subordinator has never sold or assigned subordinator's lien and is the present owner and holder thereof and the debt thereby secured.

5. Lender is willing to make said loan provided that (a) Lender's encumbrance is a lien or charge upon the above described property, prior to and superior to the Subordinator's Lien, and (b) Subordinator specifically and unconditionally subordinates Subordinator's Lien to Lender's encumbrance.

6. To induce Lender to make its loan above mentioned, Subordinator has agreed and consented to subordinate Subordinator's Lien to the encumbrance about to be taken by Lender as above set forth.

NOW THEREFORE, in consideration of the benefits to Subordinator from Owner, receipt and sufficiency of which are hereby acknowledged, and to induce Lender to advance funds under its encumbrance, Subordinator hereby consents, covenants and agrees that all of Subordinator's right, title, lien and interest in, to and upon the real property described above, shall be subject to and subordinate to Lender's encumbrance to be made, executed and delivered in favor of or for the benefit of the Lender and that Lender's encumbrance, including any and all advances, extensions or renewals thereof, shall be first, prior and superior to any right, title, lien or interest of the Subordinator.

Subordinator acknowledges that, prior to the execution hereof, Subordinator has had the opportunity to examine the terms of Lender's encumbrance, note, and agreements relating thereto; that Subordinator consents to and approves the same, and recognizes that Lender has no obligation to Subordinator to advance any funds under Lender's encumbrance or to see to the application of Lender's

12/14/13

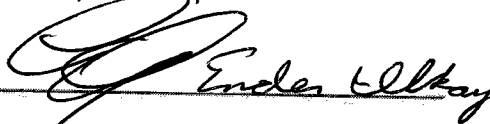
funds; and that any application or use of such funds for purposes other than those provided for in Lender's encumbrance, note or agreements shall not defeat this subordination, in whole or in part.

It is expressly understood and agreed that nothing herein shall be construed to change, alter or impair the Subordinator's Lien, except as hereinabove expressly set forth.

This agreement binds Subordinator's heirs, representatives, successors and assigns and it shall inure to the benefit of the assignees or transferees of Lender's encumbrance and the obligation secured thereby.

IN WITNESS WHEREOF, Subordinator has executed this Subordination Agreement on the date first above written.

PR KLAMATH OREGON LIMITED PARTNERSHIP,
a Nevada limited partnership



By: Ender Ilkay, President of Might River Holdings, Inc.
Manager of PR Klamath General, LLC
Its: General Partner

Nordstern Securities Corporation

By: _____
Its: _____

Innovation Capital Corporation

By: _____
Its: _____

STATE OF OREGON

COUNTY OF DESCHUTES

)
)ss.
)

see attached certificate
This instrument was acknowledged before me this _____ day of _____, 20____,
by _____ of _____, as its _____

Notary Public
My commission expires:
Commission No.:

STATE OF _____)
COUNTY OF _____)ss.
_____)

This instrument was acknowledged before me this _____ day of _____, 20____, by _____
_____ of Nordstern Securities Corporation, as its _____

Notary Public
My commission expires:
Commission No.:

STATE OF _____)
COUNTY OF _____)ss.
_____)

This instrument was acknowledged before me this _____ day of _____, 20____, by _____
_____ of Innovation Capital Corporation, as its _____

Notary Public
My commission expires:
Commission No.:

ACKNOWLEDGMENT

Representative Capacity

STATE OF WASHINGTON

COUNTY OF WHATCOM

United States of America

I certify that I know or have satisfactory evidence that Ender Ilkay
is/~~are~~ the person(~~s~~) who appeared before me and that said person(~~s~~) acknowledged that
~~she/he/they~~ signed this instrument, on oath stated that ~~she/he/they~~ was/~~were~~ authorized to
execute the instrument and acknowledged it as being the President of the Manager of the
General Partner

on behalf of PR Klamath Oregon Limited Partnership

and acknowledged it to be ~~her~~/his/~~their~~ free and voluntary act for the uses and purposes
mentioned in the instrument.

Given under my hand and seal of office this 14 day of November 2013.

Laura Lesley Vestanen, Notary Public

Laura Lesley Vestanen

Residing at Point Roberts, WA

Commission number 95291

My Commission Expires: 8/10/2015

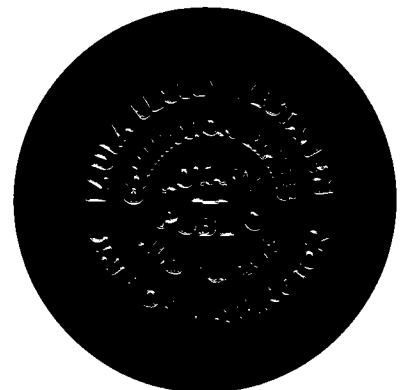
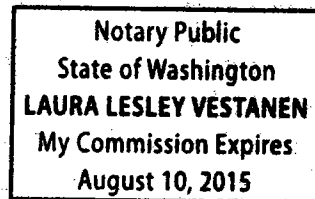
Description of attached document

Title: Subordination Agreement

Document date November 14, 2013

Number of pages 3

Comments Lot 68 63-68



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PR KLAMATH OREGON LIMITED PARTNERSHIP,
a Nevada limited partnership

By: Ender Ilkay, President of Might River Holdings, Inc.
Manager of PR Klamath General, LLC _____
Its: General Partner

Nordstern Securities Corporation

Its: Limited Partner



Innovation Capital Corporation

By: Rene Van Nieuwen
Its: President

STATE OF OREGON)
)ss.
COUNTY OF DESCHUTES)

This instrument was acknowledged before me this _____ day of _____, 20____,
by _____ of _____, as its _____

Notary Public
My commission expires:
Commission No.:

STATE OF _____)
)ss.
COUNTY OF _____)

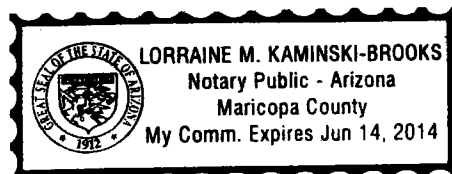
This instrument was acknowledged before me this _____ day of _____, 20____, by _____
_____ of Nordstern Securities Corporation, as its _____

Notary Public
My commission expires:
Commission No.:

STATE OF Arizona)
)ss.
COUNTY OF Maricopa)

This instrument was acknowledged before me this 22 day of November, 2013, by
Rene Van Haren of Innovation Capital Corporation, as its Limited Partner.

Lorraine M. Kaminski-Brooks
Notary Public
My commission expires:
Commission No.:



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IN WITNESS WHEREOF, Subordinator has executed this Subordination Agreement on the date first above written.

PR KLAMATH OREGON LIMITED PARTNERSHIP,
a Nevada limited partnership

By: Ender Ilkay, President of Might River Holdings, Inc.
Manager of PR Klamath General, LLC
Its: General Partner


Nordstern Securities Corporation
By: **STEPHEN SCHACHTER**
Its: ~~Limited Partner~~ **SECRETARY**
MS 25


Innovation Capital Corporation
By: **Rene Van Nieuwen**
Its: **President**

STATE OF OREGON

COUNTY OF DESCHUTES

) ss.

This instrument was acknowledged before me this _____ day of _____, 20____,
by _____ of _____, as its _____

Notary Public
My commission expires:
Commission No.:

Consulate General of the)
United States of America) SS
Vancouver, B.C., Canada)
STATE OF _____) ss.
COUNTY OF _____)

This instrument was acknowledged before me this 11th day of December, 2013, by
Stephen Schachter of Nordstern Securities Corporation, as its Secretary

Matthew K. Bunt

Consul of the
United States of America

Notary Public M.K. Bunt

My commission expires: permanent commission
Commission No.: N/A

STATE OF Arizona)
COUNTY OF Maricopa) ss.

This instrument was acknowledged before me this 22 day of November, 2013, by
Rene Van Haren of Innovation Capital Corporation, as its Limited Partner.

Lorraine M. Kaminski-Brooks
Notary Public
My commission expires:
Commission No.:

