

2014-002097

Klamath County, Oregon

03/11/2014 11:19:46 AM

Fee: \$62.00

After recording return to:

Sterling Bank
Attn: Vanessa Sepulveda
PO Box 2224
Spokane WA 99210

SUBORDINATION AGREEMENT

PARTIES AND INTERESTS

Subordinator: Klamath Basin Geopower, Inc.
c/o William Honjas
200 South Virginia Street, Suite 200,
Reno NV 89501

Subordinator's interest: Geothermal Lease and Agreement effective September 18, 2012, recorded on October 5, 2012 as Instrument number 2012-011090, records of Klamath County, Oregon covering the following described premises:

The following described premises situated in the County of Klamath, State of Oregon, to-wit: Beginning at a point 1,120 feet North and 230 feet East of the Southwest corner of Section 12, Township 39 South, Range 10 East of the Willamette Meridian, running thence East 320 feet to the Westerly line of Highway 140; thence Northerly along the West line of Highway 140, 115 feet; thence West 395 feet; thence South 110 feet to the point of beginning.

Subordinatee: Sterling Bank
PO Box 2224
Spokane WA 99210

Mortgage and Mortgagee Information:

First Lien Mortgage, Security Agreement and Fixture Filing and Collateral Assignment, subject to the terms and provisions thereof, given to secure an indebtedness with interest thereon and such future advance as may be provided therein;

Dated: October 10, 2013
Recorded: October 11, 2013
Volume: 2013-011560, Microfilm Records of Klamath County, Oregon
Amount: \$7,000,001.00
Mortgagor: Klamath Basin Geopower, Inc., a Nevada Corporation
Mortgagee: Erick Erwin, as administrative agent
(Includes additional property.)

Subordinatee's Note: Note executed by Borrower or Borrower's successor, dated _____, 2014 and any amendments thereto, secured by Subordinatee's interest.

Borrower(s): John Q. House and Susan Fairclo House

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AGREEMENT

The premises described in the above referenced instruments creating Subordinate's interest are referred to as the "Property".

For good and valuable consideration, Subordinator subordinates its interest in the Property to Subordinate's interest and all advances and charges, if any, made or accruing under Subordinate's Note. This Subordination also includes any extension, refinancing, reindexing, renewal or renegotiation of Subordinate's Note.

Subordinator acknowledges the opportunity to examine the terms of the documents pertaining to Subordinate's interest.

The heirs, personal representatives, successors and assigns of Subordinator shall be bound by this Subordination. This Subordination shall inure to the benefit of Subordinate and its personal representatives, successors and assigns.

This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Oregon without application of its choice of law rules.

Dated: 3/5/14

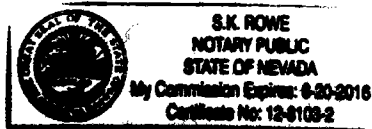
Klamath Basin Geopower, Inc.

By [Signature]
William Honjas

State of Nevada

County of Washoe

On this 5th day of March, 2014, before me personally appeared William Honjas, known to me to be the President, of the corporation that executed the written 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.



[Signature]
Printed Name Sarah K. Rowe
Notary Public for the State of Nevada
My commission expires on 6-20-2016

Dated: 3-6-14

By John Q House
John Q. House

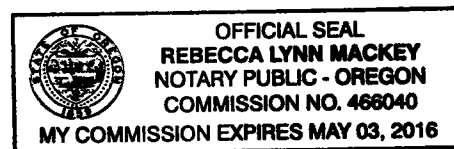
State of Oregon
County of Klamath

On March 6, 2014 before me, Rebecca Lynn Mackey,
Notary Public, personally appeared

John Q House, 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 Oregon that the foregoing
paragraph is true and correct.
WITNESS my hand and official seal.

Signature Rebecca Lynn Mackey

(Seal)



Dated: 3-6-14
By Susan Fairclo House
Susan Fairclo House

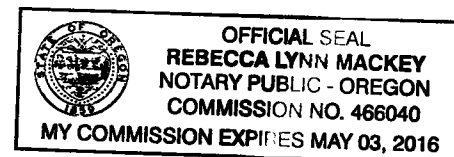
State of Oregon
County of Klamath

On March 6, 2014 before me, Rebecca Lynn Mackey,
Notary Public, personally appeared

Susan Fairclo House, 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 Oregon that the foregoing
paragraph is true and correct.
WITNESS my hand and official seal.

Signature Rebecca Lynn Mackey

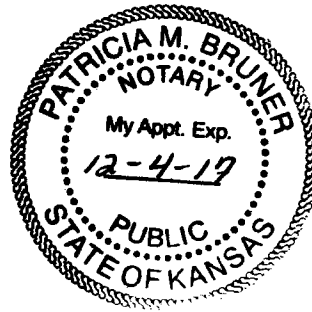
(Seal)



Dated: 3-4-14

Erick Erwin, as Administrative Agent
3500 N. Rock Road, Bldg 800B
Wichita KS 67226

By [Signature]
Erick Erwin



State of KS

County of Sedgwick

On 3-4-14 before me, Patricia M. Bruner
Notary Public, personally appeared Erick Erwin, 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 Oregon that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.

Signature [Signature]

(Seal)