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MTS 3/19/15 AM

2015-002939
Klamath County, Oregon
04/01/2015 12:24:41 PM
Fee: \$82.00

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Thomas L. Palotas
Pepple Cantu Schmidt PLLC
1000 Second Avenue, Suite 2950
Seattle, WA 98104

Prudential Loan No. 717610969

[SPACE ABOVE THE LINE IS FOR RECORDER'S USE]

LEASE SUBORDINATION AGREEMENT

NOTE: THE SUBORDINATION PROVIDED FOR IN THIS AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AN INTEREST IN THE PROPERTY CREATED BY SOME OTHER INSTRUMENT

This LEASE SUBORDINATION AGREEMENT (this "*Agreement*") dated March 23, 2015, is made by DUANE F. MARTIN, Sr., doing business as Duane Martin Livestock, ("*Tenant*") having an address at 2021 Highway 88, Ione, California 95640, DUANE MARTIN RANCHES, L.P., a California limited partnership having an address at 2021 Highway 88, Ione, California 95640, ("*Landlord*") and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("*Lender*") having offices at 2998 Douglas Blvd, Suite 225 Roseville, California 95661, referencing Loan No. 717610969.

Recitals

- A. Lender will make or has made a loan (the "*Loan*") to Landlord secured by the Trust Deed, Security Agreement, and Fixture Filing with Assignment of Rents and Proceeds, Leases and Agreements executed by Landlord, as Borrower, in favor of Lender, as beneficiary (as amended from time to time, the "*Trust Deed*") and recorded on April 1st, 2015, under Klamath County recording no. **. (The parties authorize Lender's title company to insert the recording information.) The Trust Deed encumbers the real property (the "*Land*") located in Klamath County, Oregon, described on the attached Exhibit A and other property (together, the "*Property*").
- B. Tenant has leased all or a portion of the Property (the "*Premises*") pursuant to a one-page lease dated November 1, 2013 (together with any and all amendments, renewals or replacements, the "*Lease*").
- C. Lender requires the agreements, statements and assurances contained in this Agreement. Tenant understands that, in making the Loan, Lender will rely on the agreements, assurances and statements made in this Agreement.

Agreement

NOW, THEREFORE, Lender, Tenant and Landlord agree as follows:

1. **Subordination.** Tenant agrees that the Lease, and the rights of Tenant in, to and under the Lease and the Property, are hereby subjected and subordinated, and shall remain in all respects and for all purposes subject and subordinate, to the lien of the Trust Deed, and to any and all renewals, modifications and extensions of the Trust Deed, and any and all other instruments held by Lender as security for the Loan. Without limiting the generality of the foregoing, such subordination shall include all rights of Tenant in connection with any insurance or condemnation proceeds with

**Recorded Concurrently herewith

Trans

respect to the Premises or Property. In the event of a conflict between the Trust Deed and the Lease, the terms of the Trust Deed shall control.

2. **Rental Payments.** Tenant agrees that it will pay rent under the Lease to Lender upon written demand from Lender. Landlord consents to Tenant's payment of rent as demanded by Lender in writing and agrees that Tenant may rely solely upon such written demand regardless of any dispute between Lender and Landlord. Landlord releases Tenant and Lender from all claims arising out of Tenant's payment of rent as demanded by Lender in writing.
3. **Notices.** A notice under this Agreement shall be sent to the parties at the addresses as indicated below:

To Tenant: Duane Martin Livestock
2021 Highway 88
Ione, California 95640

To Lender: The Prudential Insurance Company of America
2998 Douglas Blvd., Suite 225
Roseville, California 95661
Attn: Asset Management
Ref. Loan No. 717610969

Prudential Asset Resources
2200 Ross Avenue, Suite 4900E
Dallas, Texas 75201
Attention: Legal Department
Ref. Loan No. 717610969

To Landlord: Duane Martin Ranches, L.P.
2021 Highway 88
Ione, California 95640

Notice shall be deemed to have been given forty-eight (48) hours after deposit of the same in a United States mail post office box in the state to which the notice is addressed, or seventy-two (72) hours after deposit in any such post office box other than in the same state to which the notice is addressed, postage prepaid, addressed as set forth above. The addresses and addressees for the purpose of this Section may be changed by giving written notice of such change in the manner provided herein for giving notice. However, unless and until such written notice is actually received, the last address and addressee as stated by written notice, or as provided in this Agreement, if no written notice of change has been sent or received, shall be deemed to continue in effect for all purposes under this Agreement.

4. **General Provisions.**

- (a) **Recitals True.** Each party approves and acknowledges the accuracy of the Recitals in all respects, and agrees that the Recitals are an integral part of this Agreement.
- (b) **Tenant's Warranties.** Tenant warrants and represents to Lender that Tenant is the sole holder of all lessee's rights under the Lease and that it has full right, power and authority to enter into this Agreement and to perform all its obligations hereunder.
- (c) **Successors and Assigns.** This Agreement is binding upon and inures to the benefit of the parties and their respective heirs, administrators, representatives, successors, and assigns.
- (d) **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon without regard to its conflict of laws rules.

- (e) Attorney Fees and Collection Expenses. Each of Tenant and Landlord agrees to pay Lender on demand for all legal fees and other costs and expenses Lender incurs to enforce this Agreement or to pursue any right Lender may have with respect to this Agreement under federal bankruptcy law, state insolvency statutes, or similar statutes. Such fees, costs and expenses include those of Lender's outside counsel and the allocated cost of Lender's in-house counsel, whether incurred with or without suit or in any appeal, any proceeding under any present or future federal bankruptcy act or state receivership (including the adjudication of issues peculiar to bankruptcy law), or any post-judgment collection proceeding, and all such amounts shall bear interest at the Secondary Interest Rate specified in the note that is secured by the Trust Deed.
- (f) Integration; Amendments. This Agreement constitutes the entire understanding between Lender and Tenant with respect to the subordination of the Lease and no course of prior dealing between the parties, no usage of trade, and no parole or extrinsic evidence of any nature shall be used to supplement or modify the terms of this Agreement. This Agreement may be changed, modified or supplemented only through a non-electronic or facsimile transmission of a non-electronic writing, and in either case bearing the handwritten, authorized signatures of Tenant and Lender.
- (g) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be effective upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

The rest of this page is left blank intentionally.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto as of the day and year first above written.

"Tenant"



DUANE F. MARTIN, Sr., doing business as Duane Martin Livestock

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

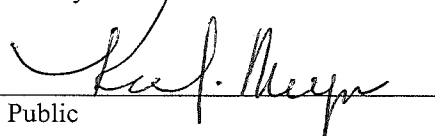
COUNTY OF Amador) ss.

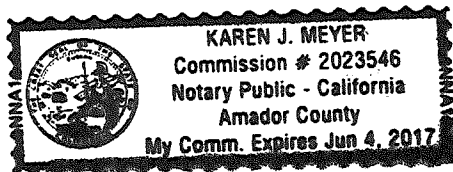
On March 27, 2015, before me, KAREN J MEYER, a Notary Public, personally appeared **Duane F. Martin, Sr.**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person 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.

(notary stamp or seal)

WITNESS my hand and official seal.


Notary Public



"Lender"

THE PRUDENTIAL INSURANCE COMPANY OF
AMERICA, a New Jersey corporation

By: William K. Beyer
name: William K. Beyer
title: Vice President

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF Placer)

On March 26, 2015, before me, Brittany Bertrand, a Notary Public, personally appeared William K. Beyer, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person 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.

Brittany Bertrand
Notary Public

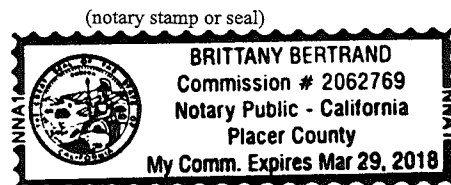


EXHIBIT A
to
Lease Subordination Agreement

Property Description

The Land is located in Klamath County, Oregon, and is legally described as follows:

Keno Ranch

Parcel 1:

A tract of land situated in Sections 2, 3, 9, 10, 11, 15 and 16, Township 40 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

- Section 2: Government Lot 10 and Government Lot 4, lying Westerly of the mean high water mark of the Klamath River.
- Section 3: S1/2 S1/2
- Section 9: NE1/4, E1/2 NE1/4 NW1/4, the East 20 acres of Government Lot 12; the S1/2, lying Easterly of the mean high water mark of the Klamath River.
- Section 10: All of Section 10, lying North and Westerly of the mean high water mark of the Klamath River.
- Section 11: Government Lot 6 and Government Lot 1, lying North and Westerly of the mean high water mark of the Klamath River.
- Section 15: All of Section 15, lying North and Westerly of the mean high water mark of the Klamath River.
- Section 16: All of Section 16, lying North and Easterly of the mean high water mark of the Klamath River.

Parcel 2:

Government Lots 3 and 11 in Section 2 and the N1/2 of the S1/2 of Section 3, Township 40 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

Sprague Ranch

Parcel 3:

In Township 36 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon:

- Section 8: All of Section EXCEPT that part lying North of Sprague River and
- Section 9: All of South 1/2 EXCEPT that part lying North of the Sprague River and
- Section 10: All of Government Lots 19 through 32, inclusive EXCEPT that part lying North of the Sprague River and
- Section 11: Government Lots 20, 21, 28 and 29
- Section 17: Government Lots 1 through 16, inclusive and
- Section 16: Government Lots 1 through 16 inclusive, Lots 19 through 22, inclusive, and Lots 27 through 30, inclusive and

Section 15: The West 1/2 of Government Lot 4, all of Lots 19 through 22, inclusive

EXCEPTING THEREFROM those portions conveyed to the Oregon-California Eastern Railway Company in deed dated June 11, 1928 and recorded June 11, 1928 in Volume 80 in page 458, and also in deed dated May 20, 1927 and recorded May 21, 1927 in Volume 75, in Page 474 Deed records of Klamath County, Oregon.

ALSO EXCEPTING THEREFROM a portion conveyed to Klamath County for road purposes by deed dated November 24, 1928 and recorded April 23, 1929 in Volume 85 in page 613, Deed Records of Klamath County, Oregon.

Parcel 4:

Government Lots 27 through 30, inclusive of Section 15, Township 36 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

EXCEPTING THEREFROM that portion conveyed to the Oregon-California Eastern Railway Company in deed dated May 20, 1927 and recorded May 21, 1927 in Volume 75 in page 474, Deed records of Klamath County, Oregon.

Parcel 5:

All of Government Lots 17, 18, 23, 24, 25, 26, 31 and 32, Section 7, Township 36 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon; Lots 1 through 16, inclusive in Section 18, Township 36 South, Range 11 East of the Willamette Meridian; Lots 19, 20 and 22, lying Northeasterly of the Northeasterly right of way line of the Sprague River Highway in Section 18, Township 36 South, Range 11 East of the Willamette Meridian.

EXCEPTING that portion deeded to Oregon California & Eastern Railway Company for right of way by deed recorded in Book 80 at page 432 and Book 90 at page 474, Deed Records of Klamath County, Oregon.

AND ALSO EXCEPTING THEREFROM a strip of land 60 feet wide conveyed to Klamath County for road purposes by deed dated November 26, 1928, recorded April 23, 1929 in Book 85 at page 617, Deed Records of Klamath County, Oregon.

Parcel 6:

A parcel of land situate in the SW1/4 of Section 17, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

A permanent easement for a 50 foot road right of way across the East side of the SW1/4 of Section 17, Township 36 South, Range 11 East of the Willamette Meridian as contained in instrument recorded November 10, 1958 in Book 306, page 151, Deed Records of Klamath County, Oregon.

Parcel 7:

A parcel of land situate in Section 16, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

The East 676 feet of the South 676 feet of Section 16, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon. EXCEPTING THEREFROM any portion lying within the Sprague River Highway.

Parcel 8:

Government Lots 17, 18, 23, 24, 25, 26, 31 and 32, in Section 16, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING therefrom any portion lying within the right of way of the O.C. & E. Railroad right of way. ALSO EXCEPTING THEREFROM the East 676 feet of the South 676 feet of said Section 16.

Government Lots 17, 18, 23, 24, 25, 26, 31 and 32 in Section 17, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

Parcel 9:

The East 1650 feet of that portion of the Southwest quarter of Section 17, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING THEREFROM the Northerly 1267.20 feet

Parcel 10:

In Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon

Section 17: Government Lots 20, 21, 28 and 29 EXCEPTING THEREFROM the East 1650 feet of the SW1/4

Section 18: Government Lots 17, 18, 23, 24, 25, 26 and 32

EXCEPTING THEREFROM any portion of the above described property lying Southerly of the Sprague River Highway.

Parcel 11:

Government Lots 17, 18, 23, 24, 25, 26, 31 and 32 of Section 15, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

Parcel 12:

Government Lots 21 and 22, EXCEPTING the West 990 feet of Government Lot 21 in the SW1/4 of Section 17, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

Parcel 13:

Government Lots 19 and 20, EXCEPTING the West 990 feet of Government Lot 20 in the SW1/4 of Section 17, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

Parcel 14:

Government Lots 1, 2, 7, 8, 9, 10, 15 and 16 in Section 13, Township 36 South, Range 10 East, Willamette Meridian, County of Klamath, State of Oregon, EXCEPT any portion thereof lying within the right-of-way of the O. C. & E. Railroad.

Keno Ranch APN's:

4008-00000-00400-000, 4008-00000-00500-000, 4008-00000-00110-000, 4008-00000-01400-000, 4008-00000-01500-000, 4008-01500-00200-000, 4008-01500-00300-000, 4008-01500-00400-000, 4008-01600-00100-000, 4008-01600-00400-000, 4008-01600-00500-000.

Sprague Ranch APN's:

3610-01300-00100-000, 3611-00000-00500-000, 3611-00000-00600-000, 3611-00000-00900-000, 3611-00000-01000-000, 3611-00000-02600-000, 3611-00000-02700-000, 3611-00000-02800-000, 3611-008A0-06600-000, 3611-008B0-06500-000, 3611-009C0-00800-000, 3611-009D0-00600-000, 3611-010C0-00500-000, 3611-010D0-00101-000, 3611-010D0-00700-000, 3611-01600-00100-000, 3611-01600-00200-000, 3611-01600-00300-000, 3611-01600-00400-000, 3611-01600-00500-000, 3611-01700-00100-000, 3611-01700-00200-000, 3611-01700-00300-000, 3611-01700-00400-000, 3611-01700-00500-000, 3611-01700-00600-000, 3611-01700-00700-000, 3611-01800-00100-000, 3611-01800-00200-000, 3611-01800-00300-000