

2017-011105

Klamath County, Oregon

09/29/2017 04:07:01 PM

Fee: \$72.00

WHEN RECORDED RETURN TO:

Umpqua Bank
1111 Third Avenue, Suite 2900
Seattle, Washington 98101
Attention: Brianne Nevill

Amertitle 172980 AM

**SUBORDINATION AGREEMENT
(Tunnel Street Property – Parcel 1)**

This SUBORDINATION AGREEMENT (this "Agreement") is made as of September 29, 2017, among **UMPQUA BANK**, an Oregon banking corporation ("Lender"), **KLAMATH COUNTY**, a political subdivision of the State of Oregon (the "County"), and **KLAMATH HOUSING AUTHORITY**, a political division of the State of Oregon ("Owner"), and acknowledged and agreed to by **SKY MEADOWS, LLC**, an Oregon limited liability company ("Borrower").

W I T N E S S E T H:

WHEREAS Owner is the owner of the real property described on Exhibit A attached hereto (the "Property"), and has leased the property to Borrower pursuant to a ground lease for the purpose of constructing and operating one or more affordable housing apartment units on the Property (the "Project");

WHEREAS Lender has agreed, subject to certain conditions, to lend to Borrower up to Five Million and 00/100ths Dollars (\$5,000,000.00) (the "Loan") for the Project, to be secured by a Fee and Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing granted by Owner, as lessor of the Property, and Borrower, as lessee of the Property, for the benefit of Lender (as may be amended, restated, replaced, supplemented, extended, or otherwise modified from time to time, the "Trust Deed");

WHEREAS, the County transferred the Property to Owner pursuant to that certain Quitclaim Deed dated June 7, 2016, recorded in the real property records of Klamath County, Oregon as Document No. 2016-006063, pursuant to which the County reserved a reversionary interest in the Property with the right to take back title to the Property upon the occurrence of certain events or conditions (the "Reversionary Right"); and

WHEREAS one of the conditions of Lender extending credit to Borrower is the limited subordination of the Reversionary Right to the lien of the Trust Deed;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Subordination. The Reversionary Right of the County in the Property shall be subordinate to, subject to and limited by, and shall not defeat, render invalid or limit in any way, the Trust Deed unless and until the beneficial interest in the Trust Deed is assigned to

the Network for Oregon Affordable Housing ("NOAH"). Upon any such assignment to NOAH, this Agreement shall automatically terminate.

2. Miscellaneous.

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

2.2 In the event of any suit, action, or other proceeding to interpret or enforce this Agreement, the prevailing party, at trial, on appeal, or in any bankruptcy proceeding, shall be entitled to recover reasonable attorney fees.

2.3 This Agreement constitutes the entire agreement between Lender and the County regarding the subordination of the Reversionary Right and the rights and obligations of Lender and the County as to the subject matter of this Agreement.

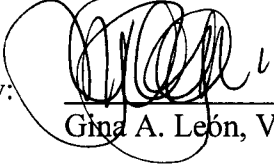
2.4 This Agreement may be amended, discharged, or terminated, or any of its provisions waived, only by a written instrument executed by the party to be charged.

2.5 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

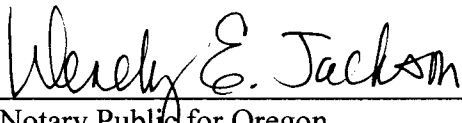
LENDER:

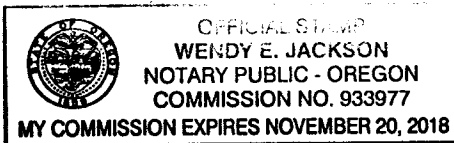
UMPQUA BANK, an Oregon banking corporation

By: 
Gina A. León, Vice President

STATE OF OREGON)
) SS
COUNTY OF MULTNOMAH)

This instrument was acknowledged before me on September 27, 2017, by
Gina A. León, who is Vice President of Umpqua Bank, an Oregon banking corporation, on
behalf of said banking corporation.

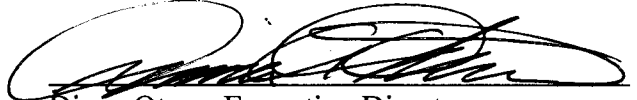

Notary Public for Oregon
My commission expires: 11-20-18



OWNER:

KLAMATH HOUSING AUTHORITY, a
political division of the State of Oregon

By:

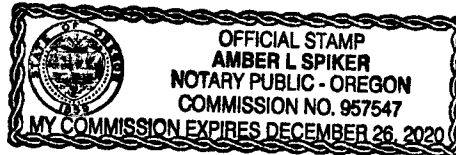


Diana Otero, Executive Director

STATE OF OREGON)

COUNTY OF Klamath)

SS



This instrument was acknowledged before me on 05 September, 2017, by
Diana Otero, who is Executive Director of Klamath Housing Authority, a political division of the
State of Oregon, on behalf of said political division.

Amber Spiker

Notary Public for Oregon

My commission expires: December 26, 2020

ACKNOWLEDGED AND AGREED as of the date first written above:

BORROWER:

SKY MEADOWS, LLC, an Oregon limited liability company

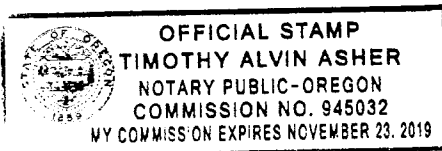
By: LDA-Sky Meadows Development, LLC, an Oregon limited liability company, its Managing Member

By: Luckenbill-Drayton & Associates, LLC, an Oregon limited liability company, its Manager

By: *Lisa Drayton*
Lisa Drayton, Manager

STATE OF OREGON)
COUNTY OF Deschutes) SS

This instrument was acknowledged before me on September 27th, 2017, by Lisa Drayton, who is Manager of Luckenbill-Drayton & Associates, LLC, an Oregon limited liability company, which is the Manager of LDA-Sky Meadows Development, LLC, an Oregon limited liability company, which is the Managing Member of Sky Meadows, LLC, an Oregon limited liability company.



Timothy Asher
Notary Public for Oregon
My commission expires: 11-23-2019

EXHIBIT A

Legal Description

The North half of Lots 7 and 8, Block 59, Buena Vista 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.