

AmeriTitle
MTC 194992 AM

2017-014731

Klamath County, Oregon

12/28/2017 01:16:01 PM

Fee: \$62.00

RECORDATION REQUESTED BY:

PLUMAS BANK
P.O. BOX 210
QUINCY, CA 95971

WHEN RECORDED MAIL TO:

PLUMAS BANK
P.O. BOX 210
QUINCY, CA 95971

SEND TAX NOTICES TO:

Melinda Cauvin
Loren C. Walch
8830 South Fork Little Butte Creek
Chiloquin, OR 97624

FOR RECORDER'S USE ONLY

NOTICE: THIS SUBORDINATION AGREEMENT - LEASE RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

SUBORDINATION AGREEMENT - LEASE

THIS SUBORDINATION AGREEMENT - LEASE dated December 15, 2017, is made and executed between Travis Carl Walch, whose address is 26800 Modoc Point Road, Chiloquin, OR 97624; and Samantha J. Walch, whose address is 26800 Modoc Point Road, Chiloquin, OR 97624 (referred to herein sometimes as "Lessee" and sometimes as "Borrower"); and PLUMAS BANK, whose address is Klamath Falls - Commercial Loan Office, 107 South 7th St., Klamath Falls, OR 97603 ("Lender").

SUBORDINATED LEASE. Lessee has executed a lease dated December 14, 2017 of the property described herein (the "Subordinated Lease"). The following information is the summary of the basic terms and conditions of the Subordinated Lease: Commercial Lease Agreement for Agricultural Real Property and Improvements between Loren Walch and Melinda Cauvin dba Waters Edge Ranch as Landlord and Travis Walch and Samantha Walch as Tenants, for approximately 479 acres of pasture, hay field, and dryland grazing, commencing January 1, 2018 and expiring December 31, 2018.

REAL PROPERTY DESCRIPTION. The Lease covers 26800 Modoc Point Road, Chiloquin, OR 97624 of the following described real property located in Klamath County, State of Oregon:

See Exhibit "A", which is attached to this Subordination and made a part of this Subordination as if fully set forth herein.

The Real Property or its address is commonly known as 26800 Modoc Point Road, Chiloquin, OR 97624. The Real Property tax identification number is 36S-7A-E-08, Tax Lot 100; 36S-7A-E-05, Tax Lot 700; 36S-7A-E-09, Tax Lot 600.

SUPERIOR INDEBTEDNESS. Lender has extended or has agreed to extend the following described financial accommodations to Borrower, secured by the Real Property (the "Superior Indebtedness"):

as described in the Promissory Note and Related Documents of even date, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note.

LENDER'S LIEN. The Superior Indebtedness is or will be secured by the Real Property and evidenced by a mortgage, deed of trust, or other lien instrument, dated December 15, 2017, from Loren C. Walch and Melinda Cauvin to Lender (the "Lender's Lien"). As a condition to the granting of the requested financial accommodations, Lender has required that the Lender's Lien be and remain superior to the Subordinated Lease.

REQUESTED FINANCIAL ACCOMMODATIONS. Lessee wants Lender to provide financial accommodations to Lessee in the form of the Superior Indebtedness. Lessee represents and acknowledges to Lender that Lessee will benefit as a result of these financial accommodations from Lender to Lessee, and Lessee acknowledges receipt of valuable consideration for entering into this Subordination.

NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:

SUBORDINATION. All of Lessee's right, title, and interest in and to the Subordinated Lease and the Real Property is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to Lessee's interests in the Subordinated Lease and the Real Property. Lessee also subordinates to Lender's Lien all other Security Interests in the Real Property held by Lessee, whether now existing or hereafter acquired.

LESSEE'S REPRESENTATIONS AND WARRANTIES. Lessee hereby represents and warrants to Lender that Lessee has heretofore delivered to Lender a true, correct and complete copy of the Lease, which constitutes the entire agreement between the parties thereto and Lessee further acknowledges that the Lease is in full force and effect and that no default by Lessee or, to Lessee's knowledge, by other party under the terms and provisions of the Lease exists as of the date hereof.

LESSEE WAIVERS. Lessee waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Lessee or to grant any other financial accommodations to Lessee whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any secured by Lender's Lien, or notice of any action or nonaction on the part of Lessee, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Lessee; (D) to proceed directly against or exhaust any collateral held by Lender from Lessee, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Lessee or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

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SUBORDINATION AGREEMENT - LEASE (Continued)

Loan No: 516700293

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LENDER'S RIGHTS. Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may (A) make one or more additional secured or unsecured loans to Lessee; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Lessee's sureties, endorser, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

DEFAULT BY LESSEE. If Lessee becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. Any default by Lessee under the terms of the Subordinated Lease also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Subordination:

Amendments. This Subordination, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Lessee also will pay any court costs, in addition to all other sums provided by law.

Authority. The person who signs this Subordination as or on behalf of Lessee represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Lessee's security interests in Lessee's property, if any.

Caption Headings. Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

Governing Law. This Subordination will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Oregon without regard to its conflicts of law provisions. This Subordination has been accepted by Lender in the State of Oregon.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by Lender, nor any course of dealing between Lender and Lessee, shall constitute a waiver of any of Lender's rights or of any of Lessee's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors. This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Lessee herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Subordination. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Subordination shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means Travis Carl Walch and Samantha J. Walch and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Lender. The word "Lender" means PLUMAS BANK, its successors and assigns.

Note. The word "Note" means the Note dated December 15, 2017 and executed by Travis Carl Walch and Samantha J. Walch in the principal amount of \$650,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Subordination.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention

**SUBORDINATION AGREEMENT - LEASE
(Continued)**

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contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED DECEMBER 15, 2017.

LESSEE:

X *Travis Carl Walch*
Travis Carl Walch

X *Samantha J. Walch*
Samantha J. Walch

LENDER:

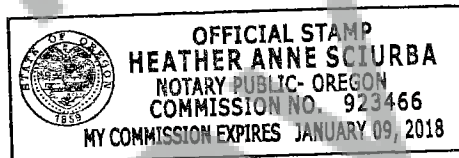
PLUMAS BANK

X *[Signature]*
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath

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) SS



On this day before me, the undersigned Notary Public, personally appeared **Travis Carl Walch and Samantha J. Walch**, to me known to be the individuals described in and who executed the Subordination Agreement - Lease, and acknowledged that they signed the Subordination as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 22nd day of Dec, 2017.

By *[Signature]*

Residing at Klamath County OR

Notary Public in and for the State of Oregon

My commission expires Jan 9 2018

SUBORDINATION AGREEMENT - LEASE
(Continued)

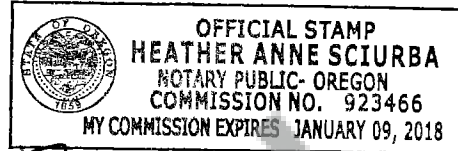
Loan No: 516700293

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LENDER ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath

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On this 22 day of Dec., 2017, before me, the undersigned Notary Public, personally appeared Donn Payne and known to me to be the owner/signer, authorized agent for **PLUMAS BANK** that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of **PLUMAS BANK**, duly authorized by **PLUMAS BANK** through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and in fact executed this said instrument on behalf of **PLUMAS BANK**.

By [Signature]
Notary Public in and for the State of Oregon

Residing at Klamath county OR
My commission expires Jan 9 2018

EXHIBIT "A"
LEGAL DESCRIPTION

Parcel 2 of Land Partition 30-02 The Nature Conservancy in Section 31, Township 35 South, Range 7 East, Section 36, Township 35 South, Range 7 1/2 East, Sections 5, 6, 7, 8, 9, 16 and 17, Township 36 South, Range 7 East, and Sections 1, 2, 11 and 12, Township 36 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon.

Unofficial
Copy