

WHEN RECORDED, RETURN TO:

Pacific Crest Federal Credit Union
Attn: Rachell Paulson
P.O. Box 1179
Klamath Falls, OR 97601

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT ("**Agreement**") is made as of March 15, 2019 by and among Merit's Service Center LLC ("**Borrower**"), David J. McNiven ("**Guarantor**"), Pacific Crest Federal Credit Union ("**Senior Lender**"), and Craft3, a Washington non-profit corporation ("**Subordinated Lender**").

RECITALS

A. Borrower is or will be the fee owner of that certain real property more particularly described on **Exhibit A** attached hereto and incorporated herein by this reference (the "**Property**"). Pursuant to a Loan Agreement by and between Borrower and Senior Lender ("**Senior Loan Agreement**"), Senior Lender has agreed to lend to Borrower the amount of six hundred forty-three thousand two hundred dollars (\$643,200) ("**Senior Loan**"). David J. McNiven (collectively, "**Guarantor**") have agreed to guarantee repayment of the Senior Loan.

B. Borrower also executed and delivered to Senior Lender a Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing ("**Senior Deed of Trust**") encumbering the Property. The Senior Deed of Trust is a first priority lien on the Property, and Senior Lender also has a first priority security interest in the fixtures and personal property described in the Deed of Trust (collectively, the "**Senior Loan Collateral**"). All of the documents evidencing, securing or executed in connection with the Senior Loan collectively are referred to as the "**Senior Loan Documents**."

C. Pursuant to that certain Promissory Note by and between Borrower and Subordinated Lender (the "**Subordinated Note**"), Subordinated Lender has agreed to lend to Borrower the maximum sum of sixty-seven thousand four hundred dollars (\$67,400) ("**Subordinated Loan**"). Contemporaneously with the execution of the Subordinated Note, Borrower executed and delivered to Subordinated Lender a Deed of Trust ("**Subordinated Deed of Trust**") encumbering the Property, to secure repayment of the Subordinated Loan and Borrower's duties and obligations under the Subordinated Note and other Subordinated Loan Documents (defined below). Subordinated Lender also has a security interest in fixtures and other personal property described in the Subordinated Deed of Trust (collectively, the "**Subordinated Loan Collateral**"). Guarantor has agreed to guarantee repayment of the Subordinated Loan. All of the documents evidencing, securing or executed in connection with the Subordinated Loan collectively are referred to as the "**Subordinated Loan Documents**."

E. As a condition precedent to the funding of the Senior Loan by Senior Lender under the Senior Loan Agreement and as a condition precedent to the funding of the Subordinated Loan by Subordinated Lender under the Subordinated Note, Senior Lender and Subordinated Lender have required

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that each enter into this Agreement to set forth the relative rights and priorities of the Senior Loan and Senior Loan Collateral and the Subordinated Loan and Subordinated Loan Collateral.

TERMS AND CONDITIONS

NOW THEREFORE, in order to induce Senior Lender to enter into the Senior Loan Agreement and make the advances thereunder and to induce Subordinated Lender to enter into the Subordinated Note and make the advances thereunder, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. Subordination.

1.1 Collateral. All liens or security interests now or hereafter acquired by Senior Lender in the Senior Loan Collateral shall at all times be prior and superior to any lien or security interest now held or hereafter acquired by Subordinated Lender in any of the Senior Loan Collateral. The priorities specified in this Agreement shall be applicable irrespective of the time or order of recording of any real estate lien, attachment or perfection of any security interest or the time or order of filing of any financing statements or other documents, possession of any Senior Loan Collateral or any statutes, rules, law or court decisions to the contrary. Until the Senior Loan has been paid in full and the liens of the Senior Deed of Trust have been fully released, in no event will Subordinated Lender foreclose or repossess any Subordinated Loan Collateral that is also Senior Loan Collateral.

1.2 Legend. Subordinated Lender shall immediately put a legend on the original Subordinated Note executed and delivered by Borrower to Subordinated Lender in connection with the Subordinated Loan that the Subordinated Note is subject to this Agreement.

1.3 No Subordination of Right of Payment. The subordination of security interests contemplated under this Agreement affects only the relative priority of those interests and does not subordinate Senior Lender's or Subordinate Lender's right of payment. Nothing in this Agreement will affect the entitlement of Senior Lender or Subordinate Lender to receive and retain required payments of interest, principal, and other amounts in respect of its Loan Documents, except to the extent that such payments comprise part of the Senior Loan Collateral (which may include rents or proceeds). The parties further agree there will be no subordination of payments in the Event of Default, and either party may continue to accept payment from Borrower or Guarantor after Borrower's or Guarantor's default. Default by Borrower or Guarantor on Senior Loan Documents or Subordinate Loan Documents and obligation to either Lender is a default on Borrower's and Guarantor's obligation(s) to the other Lender.

2. Senior Lender' Rights; Default.

2.1 Senior Lender' Rights. Subject to the express provisions of this Agreement, Senior Lender may take any action it considers appropriate with respect to the Senior Loan and the Senior Loan Documents, without affecting whatsoever any of Senior Lender's rights under this Agreement, including without limitation terminating advances, increasing the principal above the maximum principal amount of the Senior Loan for Protective Advances (defined below), extending the time for payment, granting financial accommodations, increasing interest rates to the default rates of interest upon occurrence of an Event of Default under the Senior Loan Documents, renewing, compromising or otherwise amending any documents affecting the Senior Loan or Senior Loan Collateral, and enforcing or failing to enforce any rights against Borrower or any other person or any Senior Loan Collateral. Subordinated Lender waives any benefits that it has that permit a subordinating creditor to assert suretyship defenses or that would give Subordinated Lender rights to require a senior creditor to marshal assets. Subordinated Lender will not assert such defenses or rights. The term "**Protective Advances**" means any advances necessary or appropriate to protect the security of the Senior Deed of Trust on the Property such as (by way of example

and not limitation) advances to pay real estate taxes, insurance premiums or maintenance costs incurred in connection with the ownership or operation of the Property, to complete construction or to make required repairs to the Property resulting from any damage thereto.

2.2 Senior Lender's Exercise of Rights upon Event of Default. Subject to the provisions of this Agreement, upon the occurrence of an "Event of Default" (as defined in the Senior Loan Agreement), Senior Lender shall be permitted to exercise any of its rights and remedies under the Senior Loan Documents, including without limitation accelerating the maturity of the Senior Loan, foreclosing (either judicially or non-judicially) on any of the Senior Loan Collateral, and/or seeking any provisional or equitable remedy. Contemporaneously with sending such notices to Borrower and/or Guarantor, Senior Lender shall send to Subordinated Lender copies of any notices of the occurrence of an Event of Default; provided however, that any delay or failure by the Senior Lender to send such notice to Subordinated Lender shall not affect the subordination of the Subordinated Deed of Trust or Subordinated Loan to the Senior Deed of Trust or Senior Loan, respectively. Subject to the provisions of Section 14, this Agreement and the rights and obligations of the parties hereto shall continue notwithstanding the exercise by Senior Lender of its rights and obligations pursuant to the Senior Loan Documents and/or this Agreement and notwithstanding any foreclosures, trustee's sale, or deed in lieu thereof affecting the Property.

2.2.1 Subordinated Lender's Notice and Cure Rights Under the Senior Loan Documents. Upon the occurrence of an Event of Default, Senior Lender further agrees that it will not exercise any of its rights and remedies under the Senior Loan Documents, except for such rights and remedies that in Senior Lender's opinion are necessary or advisable to protect the Property from loss or damage, if Subordinated Lender (without any obligation of Subordinated Lender to do so) (i) takes all action and pays all amounts necessary to cure such Event of Default, within thirty (30) days after Subordinated Lender is sent notice thereof from Senior Lender at the address set forth herein or (ii) purchases from Senior Lender the Senior Loan and Senior Loan Documents within such thirty (30) day period for the outstanding balance of all principal, accrued interest and other amounts owed thereunder. Borrower and Guarantor hereby acknowledge and agree that Subordinated Lender shall have the right (without any obligation to do so) to take any and all actions and make any and all payments as provided above in this Section. Notwithstanding its right to cure any Event of Default by Borrower under the Senior Loan Documents or any provision of this Agreement, Subordinated Lender shall have no right to assume or receive any of the rights or benefits, or to perform any of the obligations or duties, under the Senior Loan Documents from and after the date of such cure, and Borrower shall not be relieved of any continuing or prospective obligations or duties under the Senior Loan Documents from and after the date of any such cure by Subordinated Lender. Subordinated Lender's cure of any Event of Default within the time limits provided herein shall not waive or alter with respect to Borrower any of the notice and cure provisions concerning any Event of Default set forth in the Senior Loan Agreement.

2.2.2 Borrower's Obligations to Subordinated Lender. In the event Subordinated Lender cures an Event of Default under the Senior Loan Documents as provided above, Borrower and/or Guarantor shall reimburse Subordinated Lender for all costs and expenses incurred by Subordinated Lender in curing such Event of Default together with interest at the Subordinated Note rate from the date incurred until paid, immediately upon written demand from Subordinated Lender to Borrower in the manner prescribed by the Subordinated Loan Documents. Subordinate Lender's right to such reimbursements shall not be subordinate to Senior Lender's right of payment under the Senior Loan Documents or its security interests in the Senior Loan Collateral.

2.2.3 Application of Cure Payments. The amounts paid by Subordinated Lender to cure an Event of Default shall be applied in accordance with the Senior Loan Documents.

2.3 Senior Lender's Rights upon Subordinated Lender's Failure to Cure a Default under the Senior Loan Documents. If Subordinated Lender shall fail to cure an Event of Default within the notice and cure period set forth in Section 2.2.1, then Senior Lender shall have the right to take and pursue all of its rights and remedies under the Senior Loan Documents.

2.4 Senior Lender's Right to Assign its Interests Hereunder. Senior Lender shall have the right to assign its interest in the Senior Loan and its rights under the Senior Loan Documents and this Agreement. The assignee of Senior Lender's interest in the Senior Loan and its rights under the Senior Loan Documents and this Agreement shall assume Lender's duties and obligations under the Senior Loan Documents and this Agreement. In the event Senior Lender issues any participation interests in the Senior Loan, Senior Lender will remain the lead lender with respect to such participations.

3. Subordinated Lender's Rights; Default.

3.1 Notice of Default. Contemporaneously with sending such notices to Borrower and/or Guarantor, Subordinated Lender shall send to Senior Lender copies of any notices of default or notices of any other event which, with the passage of time or otherwise, would constitute an event of default under the Subordinated Loan Documents.

3.2 Subordinated Lender's Rights; Modifications to Subordinated Loan Documents. Senior Lender hereby consents to the following: (i) the execution and delivery by Borrower and Guarantor of the Subordinated Loan Documents to Subordinated Lender; (ii) the filing in any appropriate governmental offices of any UCC financing statements relating to the Subordinated Loan or any of the Subordinated Loan Documents; and (iii) the recording in the appropriate county land records of the Subordinated Deed of Trust. Subordinated Lender may amend the Subordinated Loan Documents in any manner without the consent of Senior Lender, except as specifically provided in this Section 3.2. Subordinated Lender shall give Senior Lender written notice as well as copies of any amendments within ten (10) days after such documents have been executed by Subordinated Lender. Subordinated Lender shall not amend or modify any of the Subordinated Loan Documents without first obtaining the written consent of Lender if such amendment would result in any of the following: (i) increasing any scheduled installment payments; (ii) advancing the maturity date of the Subordinated Loan, other than by acceleration pursuant to the terms of the Subordinated Loan Documents; (iii) directly or indirectly cross-defaulting the Subordinated Loan, in whole or in part, with any other indebtedness or obligation of Borrower (other than the Senior Loan) or any other person or entity or cross-collateralizing the Subordinated Loan, in whole or in part, directly or indirectly, to (or allowing the Subordinated Loan Collateral to secure) any other indebtedness or obligations of Borrower or any other person or entity.

3.3 Subordinated Lender's Right to Assign its Interests Hereunder. Subordinated Lender shall have the right to assign the Subordinated Loan and its rights under the Subordinated Loan Documents and this Agreement to any of the following ("**Permitted Subordinated Lender Assignee**"): (i) an affiliate of Subordinated Lender with the prior written consent of Senior Lender, or (ii) to any other bank, savings and loan association, insurance company, mortgage banker, pension fund, and similar institutional lenders. The assignee of Subordinated Lender's interest in the Subordinated Loan and its rights under the Subordinated Loan Documents and this Agreement shall assume Subordinated Lender's duties and obligations under the Subordinated Loan Documents and this Agreement.

4. No Contest. Subordinated Lender shall not contest the validity, perfection, priority or enforceability of any lien or security interest granted to Senior Lender in the Senior Loan Collateral as of the later of the effective date of this Agreement or the effective date of the Senior Loan Documents, and Subordinated Lender agrees to cooperate in the defense of any action contesting the validity, perfection, priority or enforceability of such lien or security interest.

5. Representations, Warranties and Covenants of Borrower and Guarantor. Borrower and Guarantor hereby certify, represent, warrant and covenant to Senior Lender and Subordinated Lender as follows:

5.1 No consent or approval of any person is required for the execution, delivery and performance of this Agreement by Borrower and Guarantor.

5.2 Borrower and Guarantor warrant that this Agreement, the Senior Loan Documents and the Subordinated Loan Documents to which they are parties have been duly authorized, are legal and binding upon Borrower and Guarantor, and are enforceable in accordance with their terms against Borrower and Guarantor.

5.3 Borrower and Guarantor agree to perform and comply in all respects with all the terms, conditions, covenants and requirements to be performed or observed by Borrower or Guarantor in this Agreement, the Subordinated Loan Documents and the Senior Loan Documents.

5.4 The provisions of this Agreement are solely for the purpose of defining the relative rights of the Senior Lender under the Senior Loan and the rights of Subordinated Lender under the Subordinated Loan, and nothing herein shall benefit or be enforceable by Borrower or any Guarantor or shall in any way limit, restrict or impair, as between the Borrower and Senior Lender, or as between the Borrower and Subordinated Lender, any obligations of the Borrower or any Guarantor (which are unconditional and absolute) to pay the Senior Loan or the Subordinated Loan, as the case may be, and perform its obligations under the Senior Loan Documents or the Subordinated Loan Documents, as the case may be, in accordance with the terms and provisions thereof.

6. Indemnification by Borrower. Borrower hereby agrees to pay and protect, defend, indemnify and hold Senior Lender and Subordinated Lender harmless from, for and against any and all claims demands, liabilities, losses, lawsuits, judgments, and costs and expenses (including without limitation reasonable attorneys' fees) to which Senior Lender and/or Subordinated Lender may become exposed, or which Senior Lender and/or Subordinated Lender may incur, in connection with exercising its respective rights or performing its respective obligations under this Agreement. All such amounts due from Borrower to Senior Lender and/or Subordinated Lender pursuant to this Section shall be payable upon demand and shall accrue interest at the default interest rate provided in the Senior Loan Documents or the Subordinated Loan Documents, as applicable, from the date of each such demand, which interest shall be immediately due and payable. The foregoing indemnity of Senior Lender shall not cover matters resulting solely from the gross negligence or willful misconduct of, or any breach of this Agreement by, Senior Lender. The foregoing indemnity of Subordinated Lender shall not cover matters resulting solely from the gross negligence or willful misconduct of, or any breach of this Agreement by, Subordinated Lender.

7. Representations, Warranties and Covenants of Subordinated Lender. Subordinated Lender hereby certifies, represents, warrants and covenants to Senior Lender that:

7.1 With respect to Senior Lender's rights under this Agreement, and without in any way affecting the obligations of Borrower and/or Guarantor under the Subordinated Loan Documents, to the extent of any inconsistency between the terms of the Subordinated Loan Documents and this Agreement, the terms of this Agreement shall control.

7.2 Subordinated Lender warrants that (i) it has full power and authority to consummate the transactions contemplated pursuant to the Subordinated Loan Documents, and (ii) that this Agreement and the Subordinated Loan Documents have been duly authorized, are legal and binding upon Subordinated Lender, and are enforceable in accordance with their terms against Subordinated Lender.

7.3 Subordinated Lender has delivered to Senior Lender true and complete fully executed copies of all of the Subordinated Loan Documents, and such documents have not been amended, modified or supplemented in any material way.

8. Representations, Warranties and Covenants of Senior Lender. Senior Lender hereby certifies, represents, warrants and covenants to Subordinated Lender that:

8.1 Senior Lender is the sole owner and holder of the Senior Loan Documents.

8.2 There are no other agreements in existence between Senior Lender and Borrower and/or Guarantor relating to the Property and other Senior Loan Collateral, other than the Senior Loan Documents. Senior Lender has delivered to Subordinated Lender true and complete fully executed copies of all of the Senior Loan Documents, and such documents have not been amended, modified or supplemented in any material way.

8.3 Senior Lender warrants that (i) it has full power and authority to consummate the transactions contemplated pursuant to the Senior Loan Documents, and (ii) that this Agreement and the Senior Loan Documents have been duly authorized, are legal and binding upon Senior Lender, and are enforceable in accordance with their terms against Senior Lender.

8.4 With respect to Subordinate Lender' rights under this Agreement, and without in any way affecting the obligations of Borrower and/or Guarantor under the Senior Loan Documents, to the extent of any inconsistency between the terms of the Senior Loan Documents and this Agreement, the terms of this Agreement shall control.

9. Waiver. Any waiver by Senior Lender of an Event of Default under the Senior Loan Documents or a default by Borrower hereunder shall not constitute a continuing waiver or a waiver of any other default or of the same default on any other occasion.

10. Cumulative Remedies. The rights and remedies of Senior Lender or Subordinated Lender under this Agreement are cumulative and are not in lieu of, but are in addition to, any other rights or remedies (i) which Senior Lender may have under the Senior Loan Documents or (ii) which Subordinated Lender may have under the Subordinated Loan Documents.

11. Severability. If any provision of this Agreement shall be invalid or illegal or unenforceable, it shall not affect or impair the validity, legality and enforceability of any other provisions of this Agreement, the Senior Loan Documents or the Subordinated Loan Documents.

12. Amendment. This Agreement may not be amended, modified or changed, nor shall any waiver of any provisions hereof be effective, except by an instrument in writing and signed by Borrower, Senior Lender and Subordinated Lender.

13. Successors and Assigns. This Agreement shall be binding upon Senior Lender, Borrower, Guarantor and Subordinated Lender and their respective successors and assigns, and shall inure to the benefit of Senior Lender and Subordinated Lender and their respective successors and assigns, subject to the limitations on assignment set forth herein.

14. Termination. Upon the repayment in full of Borrower's obligations to either Lender and release of such Lender's security interest in its collateral, such Lender shall no longer be a party hereunder except that if Lender is required pursuant to Section 547 of the Bankruptcy Reform Act of 1978 or a successor provision to repay any amount paid to that former Lender by Borrower in satisfaction of such liabilities, then such Lender shall be deemed a party entitled to all benefits hereunder to the extent that the proceeds of the collateral are thereafter distributed pursuant hereto.

15. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon.

16. Notices. All written notices or demands of any kind that any party hereto may be required or may desire to serve on the other in connection with this Agreement may be personally served, sent by facsimile or sent by overnight courier or U.S. Mail (at the respective addresses set forth below) and shall be deemed given: (a) if served in person, when served; (b) if sent by facsimile, on the date of transmission if before 5:00 p.m. (Pacific time) on a business day; provided that a hard copy of such notice is also sent pursuant to clause (c) or clause (d) below; (c) if by overnight courier, on the first business day after delivery

to the courier; or (d) if by U.S. Mail, certified or registered mail, return receipt requested on the fourth (4th) day after deposit in the mail postage prepaid. at the following addresses:

Borrower: Merit's Service Center LLC
Attn: David McNiven
1407 Owens St
Klamath Falls, OR 97601

Subordinated Lender: Craft3
42 7th Street, Suite 100
Astoria, OR 97103

Senior Lender: Pacific Crest Federal Credit Union
Attn: Business Services
P.O. Box 1179
Klamath Falls, OR 97601

17. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which, when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

18. Recordation. Each of Senior Lender and Subordinated Lender agrees that it will notify any prospective purchaser of the Senior Loan (or any part thereof or interest therein) or the Subordinated Loan (or any part thereof or interest therein), as the case may be, of the existence of this Agreement. In addition to (and not as a substitute for) the foregoing, Senior Lender and/or Subordinated Lender may (but shall have no obligation to, and will not suffer any disadvantage for failing to) cause a copy of this Agreement to be recorded in the real estate records of the county in which the Property is located, and on any party's request the other parties will deliver a counterpart of this Agreement duly executed and acknowledged by such parties and otherwise in recordable form.

[Signature pages follow]

Guarantor's Signature Page for Subordination and Intercreditor Agreement

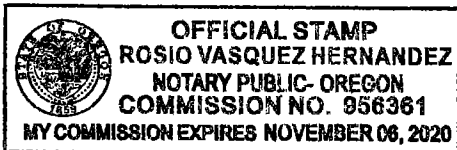
GUARANTOR:

* [Signature]

By: David J. McNiven
Name: David J. McNiven
Title: Managing member

STATE OF Oregon)
County of Klamath) ss.

This record was acknowledged before me on 15th March 2019 by David J. McNiven
as David McNiven of Mentis Service LLC
Center



[Signature]
Signature of Notarial Officer
Title of Office: Notary
My Commission Expires: Nov 06, 2020

IN WITNESS WHEREOF, Borrower, Guarantor, Senior Lender and Subordinated Lender have caused this Agreement to be executed as of the date first above written.

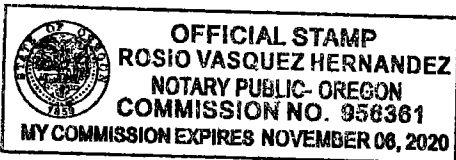
BORROWER:

x [Signature]

By: Merits Service center LLC
Name: David J. McNiven
Title: Managing member

STATE OF Oregon)
County of Klamath) ss.

This record was acknowledged before me on 15 March 2019 by David J. McNiven
as Managing member of Merits Service center LLC



[Signature]
Signature of Notarial Officer
Title of Office: Notary
My Commission Expires: Nov 08, 2020

[Signatures Continued on Next Page]

Senior Lender's Signature Page for Subordination and Intercreditor Agreement

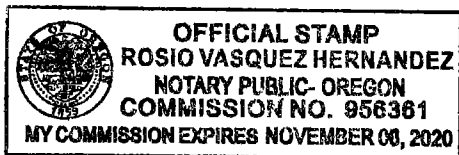
SENIOR LENDER:

PACIFIC CREST FEDERAL CREDIT UNION

By: Rachell Paulson
Name: Rachell Paulson
Title: Business Services Manager

STATE OF Oregon)
County of Clatsop) ss.

This record was acknowledged before me on March 15, 2019, by Rachell Paulson
as Business Services Manager of Pacific Crest Federal Credit Union.



[Signature]
Signature of Notarial Officer

Title of Office: Notary

My Commission Expires: Nov 06, 2020

[Signatures Continued on Next Page]

EXHIBIT "A"
LEGAL DESCRIPTION

Lots 6, 7 and 8, Block 203, MILLS SECOND 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.
TOGETHER WITH the Westerly 4.36 feet of Lot 5, Block 203, MILLS SECOND ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Subordinated Lender's Signature Page for Subordination and Intercreditor Agreement

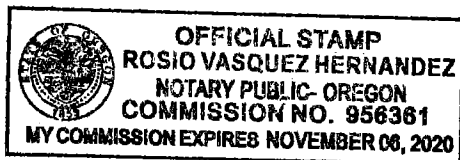
SUBORDINATED LENDER:

CRAFT3,
a Washington non-profit corporation

By: *Stephanie Hirche*
Name: Stephanie Hirche
Title: Business Lender

STATE OF Oregon)
County of Klamath) ss.

This record was acknowledged before me on March 15th 2019, by Stephanie Hirche
as Business Lender of CRAFT3, a Washington non-profit corporation.



[Signature]
Signature of Notarial Officer
Title of Office: Notary
My Commission Expires: Nov 06, 2020

[Signatures Continued on Next Page]