2020-008766
Klamath County, Oregon
07/16/2020 03:20:21 PM
Fee: $122.00

After Recording, Return to:
McGuireWoods LLP
Attn: Paul J. McNamara
300 N. Third Street, Suite 320
Wilmington, NC 28401

LEASE SUBORDINATION AND ATTORNMENT AGREEMENT

This LEASE SUBORDINATION AND ATTORNMENT AGREEMENT (this "***Agreement***") is made as of July 14, 2020, by and between WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, in its capacity as Administrative Agent ("***Administrative Agent***," which term shall include each of its successors and assigns in such capacity), for the Secured Parties (as defined in the Credit Agreement (as defined below)), as mortgagee, whose address for all purposes hereunder is Wells Fargo Bank, National Association, MAC D1109-019, 1525 West W.T. Harris Blvd., Charlotte, NC 28262 Attention of: Syndication Agency Services, and LFKF, LLC dba LITHIA FORD OF KLAMATH FALLS, whose address for notice under this Agreement is 150 North Bartlett Street, Medford, Oregon 97501, Attention: Tina Miller, Authorized Agent ("***Tenant***").

Statement of Background

A. This Agreement is given in connection with the Obligations (as defined in that certain Credit Agreement dated as of July 14, 2020 (as amended, restated, supplemented, amended and restated or otherwise modified from time to time, the "***Credit Agreement***") among Lithia Motors, Inc. (the "***Parent***"), and certain of its subsidiaries and affiliates, as borrowers, the lenders from time to time party thereto and Administrative Agent, together with the payment and performance of any other indebtedness or obligations incurred in connection with the credit accommodations evidenced by the Credit Agreement and the other Loan Documents whether or not specifically referenced therein or any other Loan Document. Unless otherwise indicated, capitalized terms used in this Agreement without definition shall have the meanings indicated in the applicable Credit Agreement.

B. The Loan is being secured by, among other things, a trust deed, assignment of leases and rents, security agreement and fixture filing (the "***Security Instrument***") made by LITHIA REAL ESTATE, INC., an Oregon corporation (together with its successors and assigns, "***Landlord***") for the benefit of Administrative Agent (in such capacity) covering the land (the "***Land***") described on **Exhibit A**

attached hereto and all improvements (the "***Improvements***") now or hereafter located on the Land (the Land and the Improvements hereinafter collectively referred to as the "***Property***").

C. Tenant is the tenant or lessee under an unrecorded lease dated as of July 1, 2020 (which lease, as the same may have been amended and supplemented as of the date hereof, is hereinafter called the "***Lease***"), covering 2833 Washburn Way, Klamath Falls, OR (the "***Premises***"). Landlord holds all rights of landlord or lessor under the Lease.

D. The parties hereto desire to make the Lease subject and subordinate to the Security Instrument in accordance with the terms and provisions of this Agreement.

Statement of Agreement

For and in consideration of the mutual covenants herein contained and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and notwithstanding anything in the Lease to the contrary, it is hereby agreed as follows:

1. Administrative Agent, Tenant and Landlord do hereby covenant and agree that the Lease with all rights, options (including options to acquire or lease all or any part of the Premises), liens and charges created thereby, is and shall continue to be subject and subordinate in all respects to the Security Instrument and to any renewals, modifications, consolidations, replacements and extensions thereof and to all advancements made thereunder.

2. Administrative Agent, Landlord and Tenant hereby agree that, upon the occurrence and during the continuance of an Event of Default, as defined in the Credit Agreement, Administrative Agent shall have the right, but not the obligation, to elect, by giving written notice to Tenant to either (i) provided that Tenant is not in default in the payment of rent, additional rent or other payments or in the performance of any of the other terms, covenants or conditions of the Lease on Tenant's part to be performed, beyond any cure or grace periods specified in the Lease (any such default being a "***Lease Default Event***"), not disturb Tenant's possession of the Premises under the Lease in the exercise of any of its rights under the Security Instrument including any foreclosure, deed in lieu thereof, or similar action, and to enforce the obligations of Tenant under the Lease, in which event Tenant will attorn to the successor Landlord in accordance with the terms of Section 3 below or (ii) terminate the Lease as of the date specified in such notice without payment of any termination fees or charge notwithstanding anything to the contrary in the Lease. If Administrative Agent elects to terminate the Lease in accordance with subsection (ii) above, (a) subject to applicable law, Tenant shall no longer have any rights under the terminated Lease and (b) subject to applicable law, Tenant shall surrender possession of the Premises and all personal property owned by Landlord.

3. Tenant does hereby agree with Administrative Agent that, in the event Administrative Agent becomes the owner of the Premises by foreclosure, conveyance in lieu of foreclosure or otherwise, then Tenant shall attorn to and recognize Administrative Agent as the landlord under the Lease for the remainder of the term thereof, and Tenant shall perform and observe its obligations thereunder, subject only to the terms and conditions of the Lease. Tenant further covenants and agrees to execute and deliver upon request of Administrative Agent an appropriate agreement of attornment to Administrative Agent and any subsequent titleholder of the Premises.

4. Tenant agrees that, in the event Administrative Agent succeeds to the interest of Landlord under the Lease, Administrative Agent shall not be:

(a) liable for any act or omission of any prior landlord (including, without limitation, the then defaulting Landlord);

(b) subject to any defense or offsets which Tenant may have against any prior Landlord (including, without limitation, the then defaulting Landlord);

(c) bound by any payment of rent or additional rent which Tenant might have paid for more than one month in advance of the due date under the Lease to any prior Landlord (including, without limitation, the then defaulting Landlord);

(d) bound by any obligation to make any payment to Tenant which was required to be made prior to the time Administrative Agent succeeded to any prior Landlord's interest;

(e) accountable for any monies deposited with any prior Landlord (including security deposits), except to the extent such monies are actually received by Administrative Agent; or

(f) bound by any surrender, termination, amendment or modification of the Lease made without the consent of Administrative Agent.

5. Tenant acknowledges that the Security Instrument includes an assignment of Leases and Rents, which assigns the Lease and the rent and all other sums due thereunder to Administrative Agent as security for the Loan, and Tenant hereby expressly consents to such assignment. Tenant acknowledges that the interest of the Landlord under the Lease has been assigned to Administrative Agent solely as security for the purposes specified in said assignments, and Administrative Agent shall have no duty, liability or obligation whatsoever under the Lease or any extension or renewal thereof, either by virtue of said assignments or by any subsequent receipt or collection of rents thereunder, unless Administrative Agent shall specifically undertake such liability in writing or unless Administrative Agent or its designee or nominee becomes, and then only with respect to periods in which Administrative Agent or its designee or nominee becomes, the fee owner of the Premises. Tenant further agrees that upon receipt of a written notice from Administrative Agent of a default by Landlord under the Loan, Tenant will thereafter, if requested by Administrative Agent, pay rent to Administrative Agent in accordance with the terms of the Lease. Landlord shall have no claim against Tenant for any amounts paid to Administrative Agent pursuant to any such notice.

6. Tenant hereby agrees to give to Administrative Agent copies of all notices of Landlord default(s) under the Lease in the same manner as, and whenever, Tenant shall give any such notice of default to Landlord, and no such notice of default shall be deemed given to Landlord unless and until a copy of such notice shall have been so delivered to Administrative Agent. Administrative Agent shall have the right to remedy any Landlord default under the Lease, or to cause any default of Landlord under the Lease to be remedied, and for such purpose Tenant hereby grants Administrative Agent such additional period of time as may be reasonable to enable Administrative Agent to remedy, or cause to be remedied, any such default in addition to the period given to Landlord for remedying, or causing to be remedied, any such default. Tenant shall accept performance by Administrative Agent of any term, covenant, condition or agreement to be performed by Landlord under the Lease with the same force and effect as though performed by Landlord. No Landlord default under the Lease shall exist or shall be deemed to exist (i) as long as Administrative Agent, in good faith and in a commercially reasonable manner, shall have commenced to cure such default within the above referenced time period and shall be prosecuting the same to completion with reasonable diligence, subject to force majeure, or (ii) if possession of the Premises is required in order to cure such default, or if such default is not susceptible of being cured by Administrative Agent, as long as Administrative Agent, in good faith, shall have notified

Tenant that Administrative Agent intends to institute proceedings under the Security Instrument, and, thereafter, as long as such proceedings shall have been instituted and shall be prosecuted with reasonable diligence. In the event of the termination of the Lease by reason of any default thereunder by Landlord, upon Administrative Agent's written request, given within thirty (30) days after any such termination, Tenant, within fifteen (15) days after receipt of such request, shall execute and deliver to Administrative Agent or its designee or nominee a new lease of the Premises for the remainder of the term of the Lease upon all of the terms, covenants and conditions of the Lease. Administrative Agent shall have the right, without Tenant's consent, to foreclose the Security Instrument or to accept a deed in lieu of foreclosure or to exercise any other remedies under the Security Instrument.

7. Administrative Agent shall have no obligation or incur any liability with respect to the construction or completion of the improvements in which the Premises are located or for completion of the Premises or any improvements for Tenant's use and occupancy. Administrative Agent shall have no obligations nor incur any liability with respect to any warranties of any nature whatsoever, including, without limitation, any warranties respecting use, compliance with zoning, hazardous wastes or environmental laws, Landlord's title, Landlord's authority, habitability, fitness for purpose or possession. In the event that Administrative Agent shall acquire title to the Premises or the Property, Administrative Agent shall have no obligation, nor incur any liability, beyond Administrative Agent's then equity interest, if any, in the Premises, and Tenant shall look exclusively to such equity interest of Administrative Agent, if any, in the Premises for the payment and discharge of any obligations or liability imposed upon Administrative Agent hereunder, under the Lease or under any new lease of the Premises.

8. Tenant acknowledges, without limitation, that the subordinations provided hereby include a full and complete subordination by Tenant of any options it may have to purchase all or any portion of the Property, rights of first refusal or similar rights, whether such rights are provided in the Lease or elsewhere. Tenant hereby further agrees that any such option to purchase or right of first refusal shall be expressly inapplicable to any foreclosure of the Security Instrument or acquisition of the Property or any interest therein by Administrative Agent or any designee of Administrative Agent by conveyance in lieu thereof or similar transaction.

9. If any portion or portions of this Agreement shall be held invalid or inoperative, then all of the remaining portions shall remain in full force and effect, and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion or portions held to be invalid or inoperative.

10. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except to the extent applicable laws of the jurisdiction in which the Property is located apply with respect to the validity hereof, the priority of the liens and interests, and the enforcement of the remedies granted herein.

11. Administrative Agent shall not, either by virtue of the Security Instrument or this Agreement, be or become a mortgagee in possession or be or become subject to any liability or obligation under the Lease or otherwise until Administrative Agent shall have acquired the interest of Landlord in the Premises, by foreclosure or otherwise, and then such liability or obligation of Administrative Agent under the Lease shall extend only to those liability or obligations accruing subsequent to the date that Administrative Agent has acquired the interest of Landlord in the Premises as modified by the terms of this Agreement.

12. All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given if (a) mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested; (b) by delivering same in person to the intended addressee; or (c) by delivery to an independent third party commercial delivery

service for same day or next day delivery and providing for evidence of receipt, in all such cases, at the office of the intended addressee as set forth in the introductory paragraph of this Agreement (as may be updated from time to time by written notice). Notice so mailed shall be effective upon its deposit with the United States Postal Service or any successor thereto; notice sent by a commercial delivery service shall be effective upon delivery to such commercial delivery service; notice given by personal delivery shall be effective only if and when received by the addressee; and notice given by other means shall be effective only if and when received at the office or designated address of the intended addressee. For purposes of notice, the addresses of the parties shall be as set forth on the first page; provided, however, that every party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days notice to the other parties in the manner set forth herein.

13. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, successors-in-title and assigns. When used herein, the term "Landlord" refers to Landlord and to any successor to the interest of Landlord under the Lease, and the term "Administrative Agent" refers to Administrative Agent and to any successor-in-interest of Administrative Agent under the Security Instrument.

14. This Agreement may be executed in any number of counterparts, each of which shall be effective only 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 REMAINDER OF THE PAGE IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal to be effective as of the date set forth in the first paragraph hereof.

ADMINISTRATIVE AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name: Eric Scott Fuller
Title: Senior Vice President

STATE OF ~~NORTH CAROLINA~~ Arizona
COUNTY OF ~~MECKLENBURG~~ Maricopa

I, Justin Lister, a Notary Public in and for said county, hereby certify that Eric Scott Fuller, whose name as Senior Vice President of Wells Fargo Bank, National Association, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he in his capacity as such Senior Vice President executed the same voluntarily on the day the same bears date.

Given under my hand this 7th day of July, 2020. SEAL

My Commission Expires
05-12-2023

_____(signature)
Printed Name Justin Lister
County of Residence: Maricopa

Justin Lister
Notary Public
Maricopa County, Arizona
My Comm. Expires 05-12-2023
Commission No. 566041

TENANT:

LFKF, LLC dba LITHIA FORD OF KLAMATH FALLS

By: _____
Name: Tina Miller
Title: Authorized Agent

STATE OF Oregon

COUNTY OF Jackson

On this 8 day of July, 2020, before me the above-named Tina Miller, personally appeared proved to me by satisfactory identification, consisting of: [circle one] (a driver's license) (a passport) (my personal knowledge) (other:_____), to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he/she signed it voluntarily as A. Agent of LFKF, LLC for its stated purpose as the voluntary act of Lease Subordination

_____
Notary Public
My Commission Expires:

OFFICIAL STAMP
VERONICA MAYNA LAMBERT
NOTARY PUBLIC-OREGON
COMMISSION NO. 1001296
MY COMMISSION EXPIRES JUNE 22, 2024

The undersigned Landlord hereby consents to the foregoing Agreement and confirms the facts stated in the foregoing Agreement.

LANDLORD:

LITHIA REAL ESTATE, INC.

By: _____
Name: Tina Miller
Title: Authorized Agent

STATE OF OREGON)
)ss.
County of Jackson)

The foregoing instrument is acknowledged before me this 8 day of July, 2020, by Tina Miller, as Authorized Agent of LITHIA REAL ESTATE, INC., an Oregon corporation, on behalf of the corporation.

_____
Notary Public for Oregon
My Commission Expires: _____

OFFICIAL STAMP
VERONICA MAYNA LAMBERT
NOTARY PUBLIC-OREGON
COMMISSION NO. 1001296
MY COMMISSION EXPIRES JUNE 22, 2024

Exhibit A
[PROPERTY LEGAL DESCRIPTION]

Parcel 1:

Parcel 1 of Land Partition 30-03, being a replat of Parcel 1 of Land Partition 22-00 in the SW1/4 SW1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Parcel 2:

Lot 4 in Block 5 of TRACT 1080 WASHBURN PARK, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.