

After Recording Return to:
Oregon Housing and Community Services
Attn: Portfolio Administration Section
725 Summer Street NE, Suite B
Salem, Oregon 97301-1266

2021-003046
Klamath County, Oregon
03/01/2021 03:22:00 PM
Fee: \$102.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

STATE OF OREGON
HOUSING AND COMMUNITY SERVICES DEPARTMENT
HOUSING DEVELOPMENT GRANT PROGRAM GRANT
SUBORDINATION AGREEMENT

THIS Subordination Agreement (this "Agreement") is made and entered into this 1 day of March, 2021 (the "Effective Date") by and between **Umpqua Bank**, together with its successors and assigns (the "Lender") and the State of Oregon, acting by and through its Housing and Community Services Department, together with its successors and assigns ("OHCS").

RECITALS

A. Applegate Trail LLC, an Oregon limited liability company (the "Owner" or "Borrower") is the owner of a **five (5) building, forty-nine (49) unit** affordable multifamily residential housing development (collectively, the "Improvements"), located on certain real property in the City of **Klamath Falls**, County of **Klamath**, State of Oregon, as more particularly described in Exhibit A hereto (the "Property"). The Property, the Improvements, as well as other real and personal property on the Property are collectively referred to herein as the "**Project**" and is commonly known as "**Applegate Trail Apartments**".

B. The Lender intends to make a loan to the Borrower in the amount of up to **Two Million Two Hundred Forty Thousand Dollars (\$2,240,000)** (the "Loan"). As a condition to its making of the Loan, the Lender requires execution of that certain Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing recorded on or about the date hereof, in the official records of **Klamath** County, Oregon as Instrument No. 2021-003042 (the "Trust Deed"). The Trust Deed, together with other loan documents, including any amendment or modification of the same, executed by the Borrower in connection with the Loan is collectively referred to herein as the "Loan Documents". The Loan Documents will at all times constitute a first and primary lien against the Property and will be binding upon the Borrower.

C. OHCS has made an award of certain grants, loans or tax credits to the Borrower, which grants, loans, or tax credits include certain continuing restrictive covenants pertaining to the Property (the "Affordability Covenants"). OHCS acknowledges that the Affordability Covenants will be enhanced by the Borrower obtaining the Loan from the Lender.

D. The information and definitions contained in the Recitals are acknowledged by the parties to be an incorporated and integral part of this Agreement.

E. To induce the Lender to make the Loan, OHCS agrees and consents to subordinate the OHCS Funding (as defined below) and certain of the Affordability Covenants to the Loan Documents as more fully set forth below.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, including the inducement of the Lender to make the Loan, the receipt of which is hereby acknowledged, the parties agree as follows:

1. **Subordination.** OHCS agrees, covenants and consents to the documents listed in Section 2 below (including the OHCS Funding (as defined below) and the Affordability Covenants set forth therein) being subordinate and junior to the Loan Documents.
2. OHCS has provided funding for the Project, as documented by the following documents recorded in the official records of Klamath County, Oregon which are hereby incorporated herein (collectively, the "OHCS Funding"):
 - Housing Development Grant Program Project Use Agreement dated June 23, 1994 and recorded June 24, 1994, in Volume: M94, Page 19795.
 - Housing Development Grant Program Assignment, Assumption and Modification Agreement, Declaration of Restrictive Covenants and Equitable Servitudes, dated June 10, 2010 and recorded June 10, 2010, as Instrument No. 2010-007059.
 - Housing Development Grant Program Second Consent to Assignment, Transfer, Assumption Agreement, Declaration of Land Use Restrictive Covenants dated and recorded on or about the date hereof, as Instrument No. 2021-003043.
3. OHCS agrees, covenants and consents to and with the Lender that OHCS shall provide the Lender with at least thirty (30) days written notice of any default by the Borrower under the OHCS Funding and OHCS hereby grants the Lender thirty (30) days, or such longer period as may be reasonable, to cure any such default by the Borrower. The Lender may, but is not obligated to effect such a cure, at its sole discretion.
4. It is expressly understood and agreed that nothing herein contained shall be construed to change, alter or impair any lien held by OHCS with respect to the Property, including the Affordability Covenants, except as hereinabove expressly set forth.

[Signature Pages Follow.]

IN WITNESS WHEREOF, this instrument has been duly executed as of the date and year first above written.

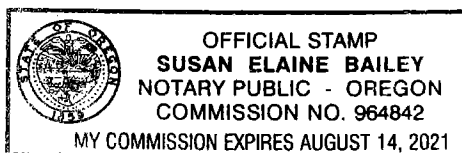
OHCS:

STATE OF OREGON, acting by and through its
Housing and Community Services Department

Roberto Franco
By Roberto Franco, Assistant Director
Development Resources and Production, ARH Division

STATE OF OREGON)
 : ss
County of Marion)

The foregoing instrument was acknowledged before me this 24th day of February, 2021,
by Roberto Franco, Assistant Director Development Resources and Production, ARH Division, Housing and
Community Services Department, for and on behalf of OHCS.



Susan Elaine Bailey
NOTARY PUBLIC FOR OREGON
My Commission Expires: 8-14-21

LENDER:

UMPQUA BANK,
an Oregon banking corporation

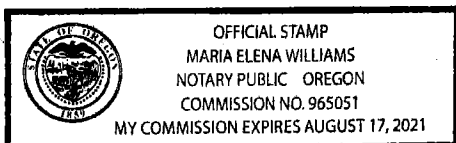
By: 

Authorized Signatory: Geir Lefaive

Title: Vice President

STATE OF OREGON)
 : ss
County of Lane)

The foregoing instrument was acknowledged before me this 23 day of February, 2021,
by Geir Lefaive, Vice President of Umpqua Bank, an Oregon banking corporation, for and on behalf of such banking
corporation.



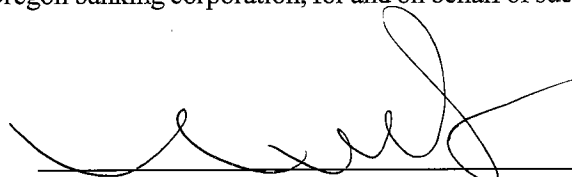

NOTARY PUBLIC FOR OREGON
My Commission Expires: August 17, 2021

Exhibit A

[Legal Description of the Property]

Real property in the County of **Klamath**, State of Oregon, described as follows:

A tract of land situated in the SW1/4 of Section 11, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the initial point on the South right of way line of Bristol Avenue, from which the Northwest corner of Tract No. 1026 bears North 89°32'55" East 520.00 feet and S-N-S 1/256 corner bears South 89°38' West 916.15 feet and North 30.00 feet by Deed; thence North 89°32'55" East along said right of way, 260.00 feet, to the Northwest corner of that tract of land described in Volume M87, page 14676, Microfilm Records of Klamath County, Oregon; thence, along the boundaries of said tract and that tract described in Volume M96, page 19616, Microfilm Records of Klamath County, Oregon, South 00°27'05" East 295.00 feet and North 89°32'55" East 150.00 feet; thence South 00°27'05" East 120.00 feet; thence North 89°32'55" East 126.30 feet, to the Westerly boundary of Tract 1026 - THE MEADOWS, a duly recorded subdivision; thence along said boundary South 22°42'12" East 79.24 feet and South 37°56'58" East 89.06 feet; thence along the Northerly right of way line of the U.S.B.R. 1-C-3-B Drain, South 47°42'00" West 152.16 feet; thence along the Northerly right of way of the U.S.B.R. F-7 (A-3-C) Lateral, North 59°30'00" West 811.30 feet to the Westerly line of that property described in Deed Volume 284, page 485, Deed Records of Klamath County, Oregon; thence following said Westerly line; North 00°27'05" West 61.45 feet, North 67°54'55" East 202.89 feet and North 00°27'05" West 107.00 feet to the point of beginning.

TOGETHER WITH an easement as evidenced by Warranty Deed dated June 14, 1976, recorded June 28, 1976, in Volume M76, page 9724, Microfilm Records of Klamath County, Oregon, and an easement as evidenced by Warranty Deed dated November 6, 1978, recorded November 20, 1978, in Volume M78, page 26188, Microfilm Records of Klamath County, Oregon.