

IN CONSIDERATION of the assumption by ROGER C. DAWES and VICKY J. DAWES, husband and wife, of that certain First Mortgage hereinafter referred to,

I, MACHELLE D. STROP, hereby agree to subordinate that prior mortgage and promissory note;

dated August 27, 1979, and recorded in the mortgage records of Klamath County in book M79, at page 20654 thereof, or as file/reel number 73156, the principal balance on the date of the execution of this instrument is \$23,916.76 and no more; interest thereon is paid to January 27, 1981,

provided that no unrescinded notice of default under its terms then appears of record, at buyers request, to mortgages thereafter executed by said buyers, covering the described land; see Exhibit "A" attached hereto and by this reference made a part hereof, and securing construction or improvement loans made by a bank or savings and loan association. Any such loans shall be evidenced by a promissory note or notes not in excess of 75% of appraised value by the lender, bearing interest at not more than 18% per year, payable at times and on terms that are required by the lender but over a period of not less than five (5) years or more than twenty (20) years. The loans shall be used for construction of new improvements on the described land or for construction of renovations or additions to existing improvements on the described land. This subordination shall apply to interim, short-term construction loans and to permanent loans placed on the described land after completion of the improvements.

DATED: April 8, 1981

STATE OF OREGON)
) ss.
County of Klamath)

Machelle D. Strop
Machelle D. Strop

Personally appeared the above named Machelle Strop and acknowledged the foregoing instrument to be her voluntary act and deed.

Before me: Karen Lein
Notary Public for Oregon
My Commission expires: 6-12-84

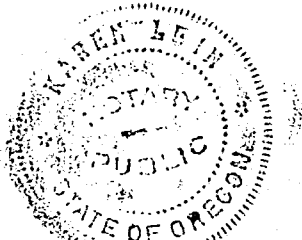


EXHIBIT "A"PARCEL 1

A portion of the Northwest quarter of the Southwest quarter, Lot 3, of Section 7, Township 39 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at the intersection of the East line of the road running North and South along the West side of said Section 7 with the North line of the O.C. & E. Railway right of way; thence Southeasterly along the North line of right of way 330 feet; thence North 74 feet; thence Northwesterly parallel to said right of way 330 feet; thence Southerly along said East line of road 74 feet to the point of beginning.

PARCEL 2

All that portion of the Northwest quarter of the Southwest quarter, Lot 3 of Section 7, Township 39 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at the intersection of the East line of the road running North and South along the West side of said Section 7 with the North line of the right of way of the O.C. & E. Railway thence South-easterly along said North line of right of way, a distance of 330 feet to the true point of beginning of this description; thence continuing Southeasterly along said right of way line a distance of 330 feet more or less to the West line of the irrigation ditch running North and South, being also the Southeasterly corner of the property of E.E. McClay, et ux., as described in deed to said E.E. McClay recorded in Klamath County Deed Records, Book 69 at page 481 thereof; thence North 21°45' East along the Easterly line of property as described in said deed to an intersection with a line running parallel to said railroad right of way line and distant therefrom a distance of 71 feet measured at right angles to said right of way line; thence Northwesterly along said line parallel to said right of way line of the property line of R.C. Short as described in deed from Pacific Fruit and Produce Company recorded in said deed records at page 351 of Volume 138; thence South along said R.C. Short property line to the point of beginning.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of _____

This 13th day of April A.D. 1981 at 2:50 clock p. M.,

duly recorded in Vol. 181, of Mtg. on Page 6584.

EVELYN BIEHN, County Clerk

By Debra A. Janyz

Fee \$7.00

Ret!

Richard Beesley
220 Main St. 2A
K. Falls, Or. 97601