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1. KLAMATH PRODUCTION CREDIT ASSOCIATION referred to herein as "subordinator", is the owner and holder of a mortgage dated July 6, 1983, which is recorded in volume M83 of Mortgages, page 10927, under file No.           , records of Klamath County, State of Oregon.
2. Federal Land Bank of Spokane referred to herein as "lender", is the owner and holder of a mortgage dated Feb. 25, 1985, executed by Lawrence E. Hastings Etal (which is recorded in volume M85 of Mortgages, page 3880, under file No. 46879, records of Klamath County, State of Oregon.) (which is to be recorded concurrently herewith.)
3. LAWRENCE E. & MABLE HASTINGS referred to herein as "owner", is the owner of all the real property described in the mortgage identified above in Paragraph 2.
4. In consideration of benefits to "subordinator" from "owner", receipt and sufficiency of which is hereby acknowledged, and to induce "lender" to advance funds under its mortgage and all agreements in connection therewith, the "subordinator" does hereby unconditionally subordinate the lien of his mortgage identified in Paragraph 1 above to the lien of "lender's" mortgage, identified in Paragraph 2 above, and all advances or charges made or accruing thereunder, including any extension or renewal thereof. It is agreed that "subordinator's" mortgage identified in Paragraph 1 above is, by virtue of such subordination, second and junior in its lien position to that mortgage of "lender" identified in Paragraph 2 above.
5. "Subordinator" acknowledges that, prior to the execution hereof, he has had the opportunity to examine the terms of "lender's" mortgage, note and agreements relating thereto, consents to and approves same, and recognizes that "lender" has no obligation to "subordinator" to advance any funds under its mortgage or see to the application of "lender's" mortgage funds, and any application or use of such funds for purposes other than those provided for in such mortgage, note or agreements shall not defeat the subordination herein made in whole or in part.
6. It is understood that "lender" would not make the loan secured by the mortgage in Paragraph 2 without this agreement.
7. The heirs, administrators, assigns and successors in interest of the "subordinator" shall be bound by this agreement. Where the word "mortgage" appears herein it shall be considered as "deed of trust", and gender and number of pronouns considered to conform to undersigned.

KLAMATH PRODUCTION CREDIT ASSOCIATION

President

Subordinator

STATE OF Oregon )  
County of Klamath ) ss

On March 15, 1985, before me personally appeared

On March 13, 1968  
Greg Williams  
 to me known to be the person(s) described in and who executed the foregoing  
 instrument, and acknowledged that (he) (she) (they) executed the same as (his) (her)  
 (their) free act and deed.

Return to:  
Federal Land Bank  
6350 South 6th  
Klamath Falls, Ore 97603

Notary Public

My commission expires 10-18-86

SE01

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STATE OF OREGON,  
County of Klamath )

Filed for record at request of

on this 18th day of March A.D. 1985  
at 3:45 o'clock P. M. and day  
recorded in Vol. M85 of Mortgages  
Page 4032

**EVELYN BIEHN, County Clerk**

By [Signature] Deputy

Fee 9.00