

SUBORDINATION AGREEMENT

WHEREAS, TRANSAMERICA TITLE INSURANCE COMPANY (Transamerica) has acquired the mortgagee's interest in a mortgage between RICHARD G. VAUGHN and SHARON R. VAUGHN, (Vaughns) mortgagors and the UNITED STATES OF AMERICA, acting by and through the Farmers Home Administration, mortgagees, said mortgage being recorded January 12, 1977 in Volume M77 on page 622 of mortgages and said assignment being recorded May 8, 1985 in Volume M85 of mortgages on page 7713.

Said mortgage is a lien upon the real property described in Exhibit "A" which is attached hereto and incorporated by reference herein.

AND WHEREAS, VAUGHNS are the Grantors in a trust deed in which NEAL H. BELL is the trustee and PACIFIC WEST MORTGAGE CO., an Oregon corporation, is the beneficiary of said trust deed being recorded February 24, 1982 in Volume M82 of mortgages on page 2352. The beneficial interest in said trust deed was assigned to GLENN JULIAN or EVELYN JULIAN by assignment recorded March 24, 1982 in Volume M82 of mortgages on page 3642.

AND WHEREAS, it is the desire of TRANSAMERICA TITLE INSURANCE COMPANY to subordinate its above-described mortgage to the lien of the PACIFIC WEST MORTGAGE CO., trust deed on subject property.

SEP 17 PM 2 11

Ques
13:00

15204

NOW THEREFORE, for value received TRANSAMERICA TITLE
INSURANCE COMPANY does hereby subordinate its mortgage to said
trust deed and the interest of GLENN JULIAN and EVELYN JULIAN.

TRANSAMERICA TITLE INSURANCE COMPANY

By

State of Oregon

County of Multnomah } ss

Personally appeared Jeffrey C. Steffen who being duly sworn did
say he is Vice President of Transamerica Title Insurance Company,
a corporation, and that the seal affixed to the foregoing
instrument is the corporate seal of said corporation and that
said instrument was signed and sealed on behalf of said
corporation by authority of its Board of Directors, and he
acknowledged said instrument to be its voluntary act and deed.

Before me:

Kathryn R. Seabolt
Notary Public for Oregon

My commission expires: 1-23-89

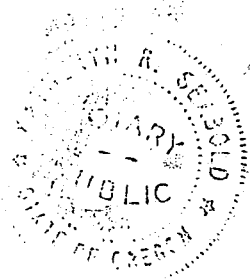


EXHIBIT "A"

15205

A tract of land situated in Government Lot 1, Section 3, Township 40 South, Range 13 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point marked by a P.K. nail on the North line of said Section 3, said point being East 4518.68 feet from the brass cap monument marking the Northwest corner of said Section 3, said point also being West 769.85 feet from a P. K. nail at the intersection of East Langell Valley Road and Gale Road, accepted as the Northeast corner of said Section 3; thence South $01^{\circ} 13' 00''$ West 54.55 feet to a $5/8$ " iron pin; thence South $06^{\circ} 15' 00''$ West 189.72 feet to a $5/8$ " inch iron pin; thence South $01^{\circ} 13' 40''$ East, 129.74 feet to a $5/8$ " inch iron pin; thence South $00^{\circ} 55' 44''$ West 81.86 feet to a $5/8$ " inch iron pin; thence South $39^{\circ} 28' 30''$ East, 104.67 feet to a $5/8$ " inch iron pin; thence South $09^{\circ} 12' 24''$ West 188.48 feet to a $5/8$ " inch iron pin; thence South $18^{\circ} 23' 16''$ East, 54.52 feet to a $5/8$ " inch iron pin; thence South $67^{\circ} 36' 48''$ East 131.25 feet to a $5/8$ " inch iron pin; thence North $79^{\circ} 22' 06''$ East, 81.63 feet to a $5/8$ " inch iron pin on the Westerly right of way line of the Gale Lateral; thence Northerly along said right of way line, North $26^{\circ} 28' 00''$ West, 49.39 feet; North $18^{\circ} 20' 00''$ East, 121.56 feet, North $12^{\circ} 15' 00''$ West 289.75 feet, North $55^{\circ} 51' 00''$ West, 184.94 feet, North $06^{\circ} 15' 00''$ East 204.21 feet, North $01^{\circ} 13' 00''$ East 58.65 feet to the North line of said Section 3; thence West 60.02 feet to the point of beginning, including the area in the County Road right of way along the Northerly line, with bearings based on the North line of Section 3 as established as being East. The right of way of the Gale Lateral was established 20.00 feet West of Deed record to correlate the Deed right of way to the existing ditch.

Return To:

Transamerica Title

555 SW Oak, Plaza level

Portland OR 97204

Attn Jim Casterline

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the _____ day
 of September A.D., 19 85 at 2:11 o'clock P M., and duly recorded in Vol. M85
 of _____ Mortgages on Page 15203

FEE \$13.00

Evelyn Biehn County Clerk
 By Pam Smith