hereinafter called the first party, and South Valley State Bank hereinafter called the second party; WITNESSETH:
On or about February 12 , 19 81, Vincent O. Cheyne, Diane L. Cheyne, James C. Cheyne,

Loretta M. Cheyneing the owner of the following described property in Klamath County, Oregon, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

TATLING fanguage ĕ Reference to the document so recorded or filed hereby is made. The first party has never sold or assigned his said lien and at all times since the date thereof has been and now is the owner and holder thereof and the debt thereby secured.

The second party is about to loan the sum of \$.950,000.00......to the present owner of the property above

described, with interest thereon at a rate not exceeding............% per annum, said loan to be secured by the said present owner's mortgage (State nature of lien to be given, whether mortgage, trust deed, contract, security agreement or atherwise)

second party's lien) upon said property and to be repaid within not more than ELEVEN (11) to date.

To induce the second party to make the loan last mentioned, the list party heretologe has agreed and consented to subordinate first party's said line to the list mentioned, the list party heretologe has agreed and consented to subordinate first party's said line to the list mentioned, the list party heretologe has agreed and consented to subordinate first party's said line to the list.

Presented to subordinate first party's said lien to the lien about to be taken by the second party as above set forth.

NOW, THEREFORE, for value received and for the purpose of inducing the second party to make the loan reforesaid, the first party, for himself, his personal representatives (or successors) and assigns, hereby covenants, consents and agrees to and with the second party, his personal representatives (or successors) and assigns, that the said first party's lien on said described property is and shall always be subject and subordinate to the lien about to be delivered to the second party, as aforesaid, and that second party's said lien in all respects shall be first, prior and superior to that of the first party; provided always, however, that if second party's said lien is not duly filed or recorded or an appropriate financing statement thereon duly filed within 30 days after the date hereof, this subordination agreement shall be null and void and of no force or effect.

It is expressly understood and agreed that nothing herein contained shall be construed to change, alter or impair the first party's said lien, except as hereinabove expressly set forth.

In construing this subordination agreement and where the context so requires, the singular includes the plural; the masculine includes the feminine and the neuter, and all grammatical changes shall be supplied to cause this agreement to apply to corporations as well as to individuals.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal; if the undersigned is a corporation, it has caused its corporate name to be signed and its corporate seal to be affixed hereunto by its officers duly authorized thereunto by order of its board of directors, all on this, the day and year first above written.

2.5% above South Valley State Bank's Prime Rate as set by the Board of Directors

Bank of America NT&SA

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EXHIBIT "A"

That portion of the St Swa of Section 16, Township 41 South, Range 12 East of the Willamette Meridian described as follows: Beginning at the intersection of the Northeasterly line of the Great Northern Railroad right of way, 300 feet wide, as described in deed recorded in Volume 96, page 109, of Deed Records of Klamath County, Oregon, with the Northwesterly line of the Depot Road, 80 feet wide, as described in Deed Page 172 of Deed Records of County, Oregon, and the Volume of the Depot Road, 80 feet wide, as described in Deed Page 172 of Deed Records of County, Oregon, and the Volume of the Deed Page 172 of Deed Page 173 of Deed Records of County, Oregon, and Deed Table 173 of Deed Records of County, Oregon, and Deed Table 173 of Deed Records of County, Oregon, and Deed Table 173 of Deed Records of County, Oregon, and Deed Table 173 of Deed Records of County, Oregon, and Deed Table 173 of Deed Records of County, Oregon, and Deed Table 173 of Deed Records of County, Oregon, and Deed Table 173 of Deed Records of County, Oregon, and Deed Table 173 of Deed Records of County, Oregon, and Deed Table 173 of Deed Records of County, Oregon, and Deed Table 173 of Deed Records of County, Oregon, and Deed Records of County, Oregon, and Deed Table 173 of Deed Record recorded in Volume 96, page 173, of Deed Records of said County; thence North 710 45 East describtion: thence North 165.23 famt: thence Watt 549 60 fact to the true point of beginning of this ations said before Road a distance of 403.47 feet to the true point of deginning or this description; thence Worth 165.23 feet; thence West 549.60 feet to the Northeasterly line of said Railroad right of way; thence following the boundary line of said Railroad right of way to its intersection with the North line of the South Half of the Southwest Quarter of Section 16; thence East along said North line to the Northeast corner of the Southeast Quarter of the Southwest Quarter; thence South along the East line of said Southeast Quarter of the Southwest Quarter 277.90 feet, more or less, to its intersection with the Northwesterly line of the Depot Road: thence Southwesterly along the North-Vesterly line of the Depot Road to the point of beginning, EXCEPTING therefrom an additional portion conveyed to the Grent Northern Railway by deed recorded in Volume 198 of Deeds, Page 209, Records of Klamath County, Oregon.

RESERVING unto the Grantor, his successors, hears and assigns, an easement for ingress and egress across the most Easterly 30 feet of the above-described real property to the

ENTITIAL HERE

STATE OF OREGON: COUNTY OF KLAMATH:

Filed for record at request of May . A.D., 19 <u>86</u> at _ _ o'clock P Mortgages M., and duly recorded in Vol. the FEE 15th \$13.00 on Page __8366 Evelyn Biehn, County Clerk

