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THIS AGREEMENT, Made and entered into this 11th day of February, 1987, by and between Bank of America NT&SA a National Banking Association hereinafter called the first party, and the United States of America acting through the Farmers' hereinafter called the second party, WITNESSETH:

On or about April 25, 1985, being the owner of the following described property in Home Administration, Jespersen-Edgewood, Inc., an Oregon Corporation, All in Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, to-wit:
Section 4: SW 1/4 NW 1/4, W 1/2 SW 1/4
Section 5: S 1/2 N 1/2, and S 1/2
Section 7: E 1/2 SE 1/4 NE 1/4
Section 8: All
Section 9: W 1/2, W 1/2 SE 1/4, and NE 1/4 SE 1/4
Section 15: SW 1/4 and S 1/2 SE 1/4 and NW 1/4 SE 1/4
Section 16: All
Section 17: All
Section 20: E 1/2 and N 1/2 NW 1/4
Section 21: W 1/2 and N 1/2 NE 1/4
Section 22: E 1/2 and N 1/2 NW 1/4
Section 23: W 1/2 and W 1/2 SE 1/4
Section 26: W 1/2 and W 1/2 E 1/2
Section 27: E 1/2 and NW 1/4
Section 28: SW 1/4
Section 29: SE 1/4
Section 34: NE 1/4 NE 1/4
Section 35: N 1/2 NW 1/4 and NW 1/4 NE 1/4

Excepting therefrom any portion lying within existing roadways, ditches or canals. executed and delivered to the first party his certain mortgage.

(herein called the first party's lien) on said described property to secure the sum of \$ 3,064,820.00, which lien was Recorded on April 26, 1985, at page 6064 thereof of the Records of Klamath County, Oregon, in book M85. (State whether mortgage, trust deed, contract, security agreement or otherwise)

(Cross out any language opposite which is not pertinent to this transaction)

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 \$ 500,000.00 to the present owner of the property above described, with interest thereon at a rate not exceeding 9.00 % per annum, said loan to be secured by the said present owner's mortgage (hereinafter called the second party's lien) upon said property and to be repaid within not more than forty (40) days from its date. (State nature of lien to be given, whether mortgage, trust deed, contract, security agreement or otherwise)

To induce the second party to make the loan last mentioned, the first party heretofore has agreed and consented 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 aforesaid, 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.

Bank of America NT&SA
North Valley Special Credits #1492
by: Jack Stephens, Vice President

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