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SEE ATTACHED FOR LEGAL DESCRIPTION

[illegible][illegible]

The second party is about to loan the sum of \$ 2,492,234.63 to the present owner of the property above described, with interest thereon at a rate not exceeding 10.0 % per annum, said loan to be secured by the said present owner's TRUST DEED

(State nature of lien to be given, whether mortgage, trust deed, contract, security agreement or otherwise) (hereinafter called the second party's lien) upon said property and to be repaid within not more than FIVE ^{days} from its date _{years}

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 60 days after the date hereof, this subordination agreement shall be null and void and of no force or effect.

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.

SOUTH VALLEY STATE BANK

TERRIE L HINCHEE, SENIOR LOAN OFFICER

6875



STATE OF OREGON,

County of _____

ss.

This instrument was acknowledged before me on _____, 19____, by _____

Notary Public for Oregon
My commission expires _____

(SEAL)

STATE OF OREGON,

County of KLAMATH

ss.

This instrument was acknowledged before me on APRIL 15, 19.91, by _____

TERRIE L. HINCHEE

as SENIOR LOAN OFFICER

of SOUTH VALLEY STATE BANK

NAME OF CORPORATION, PARTNERSHIP, TRUST, ETC.

(SEAL)



OFFICIAL SEAL
ANGELA ZIEG
NOTARY PUBLIC - OREGON
COMMISSION NO. 224515
MY COMMISSION EXPIRES DEC. 14, 1993

Notary Public for Oregon
My commission expires 12/14/93

SUBORDINATION AGREEMENT

TO

(DON'T USE THIS SPACE; RESERVED FOR RECORDING LABEL IN COUNTIES WHERE USED.)

AFTER RECORDING RETURN TO
South Valley State Bank
5215 S 6th St.
Klamath Falls, Oregon 97603

STATE OF OREGON,
County of _____

ss.

I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____, on page _____ or as fee/file/instrument/microfilm/reception No. _____, Record of _____ of said County.
Witness my hand and seal of County affixed.

NAME _____
By _____ Deputy

PROPERTY VESTING

LAWRENCE C. JESPERSEN, JR. and VIOLETTE MAUREEN JESPERSEN,
 as tenants by the entirety
 KENNETH L. JESPERSEN and LORNA C. JESPERSEN,
 as tenants by the entirety
 and
 LEONARD KARL JESPERSEN and VICKY LYNN JESPERSEN,
 as tenants by the entirety

LEGAL DESCRIPTIONPARCEL 1

The SW1/4 SE1/4 of Section 5, N1/2 NE1/4, SE1/4 NE1/4 and that portion of the SW1/4 NE1/4 and the NE1/4 SE1/4 of Section 8 lying East of Swan Lake Road; and the S1/2 NW1/4 and that portion of the SW1/4 of section 9, lying East of Swan Lake Road, all being in Township 38 South, Range 10 East to the Willamette Meridian, Klamath County, Oregon, Excepting therefrom the following described tract: Beginning at a point 50 links due East from a point on the Section line 20 chains South of the Northwest corner of SW1/4 of Section 9, Township 38 South, Range 10 East of the Willamette Meridian; run thence, due East 6.50 chains; thence North 1.75 chains; thence East 5 chains; thence South 4 chains; thence West 5 chains; thence North 1.75 chains; thence West 6.50 chains; thence North .50 chains to the point of beginning.

PARCEL 2

Beginning at a point 50 links due East from a point on the Section line 20 chains South of the Northwest corner of the SW1/4 of Section 9, Township 38 South, Range 10 east of the Willamette Meridian; run thence, due East 6.50 chains; thence North 1.75 chains; thence East 5 chains; thence South 4 chains; thence West 5 chains; thence North 1.75 chains; thence West 6.50 chains; thence North .50 chains to the point of beginning.

PARCEL 3

The SE1/4 SE1/4 of Section 5, Township 38 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 4

The S1/2 SW1/4 of Section 4 and the N1/2 NW1/4 of Section 9, Township 38 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title co. the 16th day
 of April A.D., 19 91 at 2:28 o'clock P.M., and duly recorded in Vol. M91,
 of Mortgages on Page 6874.

FEE \$18.00

Evelyn Biehn County Clerk

By Caroline M. Lindore