

SUBORDINATION AGREEMENTPARTIES:

BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION
(BANK OF AMERICA)

SOUTH VALLEY STATE BANK (SOUTH VALLEY)

RECITALS:

A. BANK OF AMERICA is the mortgagee under an existing mortgage (the 1985 Mortgage) recorded on April 26, 1985, in Volume M85 at Page 6064, Mortgage Records of Klamath County, Oregon, wherein Jespersen-Edgewood, Inc., an Oregon corporation (Jespersen-Edgewood), is the mortgagor. BANK OF AMERICA is also the beneficiary under a trust deed (the Restructure Agreement Trust Deed) executed and delivered to BANK OF AMERICA by Jespersen-Edgewood pursuant to the Restructure Agreement described in Recital B. below. The Restructure Agreement Trust Deed will be recorded in the Mortgage Records of Klamath County, Oregon on or about the date of delivery of this Subordination Agreement by BANK OF AMERICA to SOUTH VALLEY. The 1985 Mortgage and the Restructure Agreement Trust Deed are hereinafter referred to as the Bank of America Mortgages. Among other property, the Bank of America Mortgages encumber the following described real property (Collman Property):

✓ S1/2NE1/4 and SE1/4 of Section 21; S1/2NW1/4 and SW1/4 of Section 22: all in Township 37 South, Range 10 East of the Willamette Meridian.

B. Pursuant to the Restructure Agreement dated for reference purposes March 15, 1991, among BANK OF AMERICA, Jespersen-Edgewood and certain individual guarantors described in the Restructure Agreement, BANK OF AMERICA has agreed to subordinate the liens of the Bank of America Mortgages on the Collman Property to the liens of SOUTH VALLEY on the Collman Property, under the terms and conditions described below.

AGREEMENTS:

1. SUBORDINATION. BANK OF AMERICA hereby subordinates the liens of the above described Bank of America Mortgages on the Collman Property to the liens of SOUTH VALLEY on the Collman Property, but only to the extent such liens secure an amount not exceeding any current crop year's financing provided to Jespersen-Edgewood by SOUTH VALLEY and only to the extent any such amount is actually secured by liens on the Collman Property in favor of SOUTH VALLEY. This subordination applies only to the

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Collman Property and specifically, this subordination does not apply to any other property described in the Bank of America Mortgages.

2. INDEBTEDNESS. This Subordination Agreement shall not be construed to modify any rights of BANK OF AMERICA, now existing or hereafter arising, upon the indebtedness or obligations of Jespersen-Edgewood (or any of its guarantors) to BANK OF AMERICA, and the right to collect such indebtedness or enforce such obligations shall remain unimpaired.

3. REPRESENTATIONS. BANK OF AMERICA represents and warrants to SOUTH VALLEY that BANK OF AMERICA is the present holder of the mortgagee's interest under the Bank of America Mortgages, free and clear of the claims of any other person.

DATED this 12th day of April, 1991.

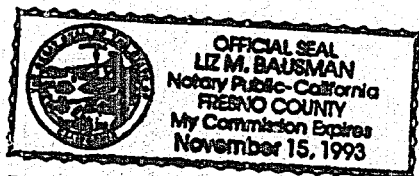
BANK OF AMERICA NATIONAL TRUST &
SAVINGS ASSOCIATION

By *[Signature]*
Vice President

STATE OF CALIFORNIA)
) ss.
COUNTY OF FRESNO)

On this 12th day of April, 1991, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Carol M. Gorter known to me to be Vice President of BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION, the Corporation that executed the within instrument, and also known to me to be the person who executed the within instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the same.

Witness my hand and official seal.



Liz M. Bausman
Notary Public in and for said
County and State
My Commission Expires: November 15, 1993

Return To: Bank of America
South Valley Special Assets Group No. 1411
Fresno, California 93726

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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 PM, and duly recorded in Vol. M91
of Mortgages on Page 6877

FEE \$13.00

Evelyn Biehn County Clerk

By *Pauline Mullendore*