

ON 43225

Vol. 92 Page 735

THIS AGREEMENT, Made and entered into this 6TH day of MARCH, 1992,
by and between ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION
hereinafter called the first party, and SOUTH VALLEY STATE BANK
hereinafter called the second party; WITNESSETH: JOHN RICHARDS, IV, AND ELIZABETH M. RICHARDS
On or about JANUARY 15, 1979, DBA HIGUERA MORGAN HORSE FARMS II
, being the owner of the following described property in KLAMATH County, Oregon, to-wit:

SEE ATTACHED EXHIBIT A BY THIS REFERENCE MADE A PART HERETO

executed and delivered to the first party owner's certain MORTGAGE
(State whether mortgage, trust deed, contract, security agreement or otherwise)

(herein called the first party's lien) on said described property to secure the sum of \$ 355,400.00, which lien was

—Recorded on JANUARY 19, 1979, in the MICROFILM Records of KLAMATH County,
Oregon, in book/reel/volume No. M79 at page 1716 thereof or as fee/file/instrument/microfilm/
reception No. (indicate which);

—Filed on , 19, in the office of the of
County, Oregon, where it bears the fee/file/instrument/microfilm/reception No.
(indicate which);

—Created by a security agreement, notice of which was given by the filing on , 19, of
a financing statement in the office of the Oregon Secretary of State
Department of Motor Vehicles where it bears file No.
and in the office of the of County, Oregon,
where it bears the fee/file/instrument/microfilm/reception No. (indicate which).

Reference to the document so recorded or filed hereby is made. The first party has never sold or assigned first party's 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 \$ 350,000.00 to the present owner of the property above described, with interest thereon at a rate not exceeding 24 % per annum, said loan to be secured by the said present owner's TRUST DEED (hereinafter called the

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

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, first party's personal representatives (or successors) and assigns, hereby covenants, consents and agrees to and with the second party, second party's 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.

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, 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 executed this agreement; if the undersigned is a corporation, it has caused its name to be signed and its seal affixed by an officer or other person duly authorized to do so by order of its board of directors.

ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION

by *[Signature]*
Chief Clerk

92 APR 2 25
PH 2 25

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

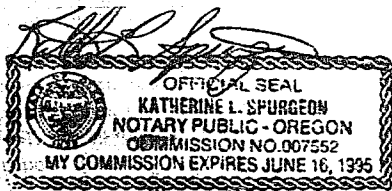
STATE OF OREGON)
COUNTY OF MULTNOMAH) ss

This certifies that before me on this date there personally appeared Wayne E. Carver, to me known to be the Chief, Portfolio Management Division, Portland District Office, of the SMALL BUSINESS ADMINISTRATION, an Agency of the United States of America, and acknowledged to me that he executed the foregoing instrument as the free and voluntary act and deed of SMALL BUSINESS ADMINISTRATION for the uses and purposes therein mentioned, and on oath stated that he was duly and regularly authorized to execute the same on its behalf.

IN WITNESS WHEREOF, my hand and official seal this 25th day of March 1992.

STATE OF OREGON,

County of _____



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

of _____

NAME OF CORPORATION, PARTNERSHIP, TRUST, ETC.

NAME OF CORPORATE OFFICE OR AGENT, PARTNER, TRUSTEE, ETC.

Notary Public for Oregon

My commission expires _____

SUBORDINATION AGREEMENT

TO _____

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

AFTER RECORDING RETURN TO _____

m+c

STATE OF OREGON,

County of _____

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 _____

TITLE _____

By _____

Deputy _____

**EXHIBIT A
LEGAL DESCRIPTION**

PARCEL 1

In Township 40 South, Range 14 East of the Willamette Meridian, Klamath County, Oregon:

Section 17: W1/2 SW1/4
 Section 18: That portion of the E1/2 SE1/4 lying East of the County Road
 Section 19: That portion of the E1/2 E1/2 lying East of the County Road
 Section 20: NW1/4, and the S1/2 EXCEPT that portion lying Westerly and Southwesterly of the County Road.
 Section 28: W1/2, and the SW1/4 SE1/4 EXCEPT that portion described in Deed Volume 275, page 473.
 Section 29: N1/2, and the NE1/4 SW1/4, and the SE1/4 EXCEPT that portion described in Deed Volume 275, page 473.
 Section 32: NE1/4, EXCEPT that portion described in Deed Volume 275, page 473.
 Section 33: W1/2, and the W1/2 E1/2 EXCEPT that portion described in Deed Volume 275, page 473.

In Township 41 South, Range 14 East of the Willamette Meridian, Klamath County, Oregon:

Section 3: All, EXCEPT Government Lot 1
 Section 4: All, EXCEPT that portion lying South of the County Road.
 Section 5: Government Lot 1, and the SE1/4 NE1/4
 Section 9: N1/2 NE1/4 EXCEPT that portion lying South of the County Road.
 Section 10: N1/2 NW1/4 EXCEPT that portion lying South of the County Road.

PARCEL 2

In Township 40 South, Range 14 East of the Willamette Meridian, Klamath County, Oregon:

Section 33: E1/2 SE1/4
 Section 34: SW1/4 SW1/4

In Township 41 South, Range 14 East of the Willamette Meridian, Klamath County, Oregon:

Section 3: Government Lot 1

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 8th day
 of April A.D., 19 92 at 2:25 o'clock P. M., and duly recorded in Vol. M92
 of Mortgages on Page 7355.

FEE \$20.00

Evelyn Biehn County Clerk

By Pauline Mulholland