

AGREEMENT TO SUBORDINATE LIEN

THIS AGREEMENT made this 23 day of October, 1992, between South Valley State Bank, herein referred to as lienholder, and Donald T. Lawless and Lewis E. Lawless, hereinafter referred to as lender.

The parties stipulate and recite that:

A. By reason of loans made to Terry and Dessa Hager, hereinafter referred to as owner, lienholder has a lien in the amount of \$610,394.01 on such property pursuant to mortgages and financing statements as set out below.

B. Owner desires to negotiate a loan from lender, and lienholder acknowledges that such loan is in its best business interest.

C. Lender is willing to loan money to owner if lienholder will subordinate its present mortgages and financing statements that effect the following described property of the owner:

PARCEL 1: Lots 1, 8, 9, 16, 17, 24, 25 and 32 of Section 16, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 2: The E ½ of the E ½ of Section 21, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon.

For the reasons set forth above, and in consideration of the mutual covenants and promises of the parties hereto, lienholder and lender agree as follows:

The liens of lienholder against the above described property of owner shall be subordinate to the claim of lender, to the amount of ONE HUNDRED TEN THOUSAND DOLLARS (\$110,000.00), under the Mortgage executed by owner dated January 31, 1985, recorded February 5, 1985 in Volume M85, page 1786, Mortgage Records of Klamath County, Oregon; under the Mortgage executed by owner dated May 18, 1988, recorded June 23, 1988, in Volume M88, page 9789, Mortgage Records of Klamath County, Oregon; under the Mortgage executed by owner dated March 1, 1989, recorded March 15, 1989 in Volume M 89, page 4350, Mortgage Records of Klamath County, Oregon; under the Mortgage dated March 14, 1990, recorded April 3, 1990 in Volume M90, page 6017, Mortgage Records of Klamath County, Oregon; under the Financing Statement recorded April 4, 1990 in Volume M90, page 6175, Mortgage Records of Klamath County, Oregon; under the Mortgage executed by owner dated April 3, 1992, recorded July 17, 1992, in volume M92, page 15834, Mortgage Records of Klamath County, Oregon; and under the Financing Statement executed by owner recorded July 17, 1992, in volume M92, page 15850, Mortgage Records of Klamath County, Oregon. Future loans made by lender to owner shall not be subordinate to the claims of lienholder.

RETURN TO: KLAMATH COUNTY TITLE COMPANY
422 MAIN STREET, KLAMATH FALLS, OREGON 97601
ATTN: DEBBIE

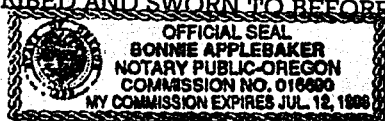
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In witness whereof, the parties have executed this agreement at Klamath Falls,
Oregon on the day and year first above written.

SOUTH VALLEY STATE BANK

by *Jim M. [unclear]*
its Senior Loan Officer

SUBSCRIBED AND SWORN TO BEFORE ME THIS 23 DAY OF OCTOBER, 1992.



Bonnie Applebaker
Notary Public for Oregon
My Commission Expires 7-12-96

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 23rd day
of Oct. A.D., 19 92 at 2:59 o'clock P M., and duly recorded in Vol. M92,
of Mortgages on Page 24889.

FEE \$15.00

Evelyn Biehn County Clerk

By *Pauline [unclear]*

Lewis E. Lawick

SUBSCRIBED AND SWORN TO BEFORE ME THIS _____ DAY OF OCTOBER, 1992.

Notary Public for Oregon
My Commission Expires _____