

To induce the second party to make the loan last mentioned, the first party heretofore has agreed and consented to subordinate first party's 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 first party's lien on the 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 lien in all respects shall be first, prior and superior to that of the first party, provided always, however, that if second party's 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 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 made so that this agreement shall apply equally to corporations and 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, if any, affixed by an officer or other person duly authorized to do so by order of its board of directors.

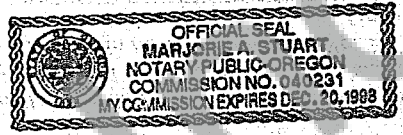
Edward J. White
Edward J. White

South Valley State Bank
By: *Jeffrey S. Bradford, v.p.*

STATE OF OREGON, County of Klamath) ss. May 8, 19 95

by Edward J. White
This instrument was acknowledged before me on _____, 19____,

by _____
as _____
of _____



Marjorie A. Stuart
Notary Public for Oregon
My commission expires 12/20/98

State of Oregon

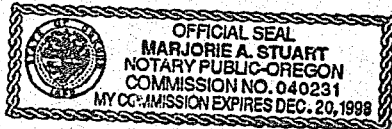
County of Klamath

The foregoing instrument was acknowledged before me this May 11,
19 95, by Jeffrey S Bradford, Vice-President, and by _____,
Secretary of South Valley State Bank,
an Oregon Banking corporation, on behalf of the corporation.

WITNESS My hand and official seal.

Marjorie A. Stuart
Notary Public for Oregon
My Commission expires: 12/20/98

(seal)



Unofficial Copy

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

A tract of land situated in the SW1/4 of the SW1/4, Section 7, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point on the West line of the SW1/4 SW1/4, said Section 7 and 30 feet Northerly of the Southwest corner of said Section 7; thence Northerly along the West line of the SW1/4 SW1/4, said Section 7, 85.00 feet; thence Easterly parallel to the South line of said Section 7 to a point 15 feet Westerly of the center line of the Enterprise Irrigation District Canal; thence in a Southerly direction and paralleling the center line of said irrigation canal and following a line at all times 15 feet from the center line of said irrigation canal to a point 30 feet Northerly of the South line of said Section 7; thence Westerly parallel with the South line of said Section 7 to the point of beginning, being the Southerly 85.00 feet of that tract of land described in Deed Volume 214, page 511, as recorded in the Klamath County Deed Records. EXCEPTING THEREFROM that portion lying within the Klamath Falls-Merrill Highway.

PARCEL 2:

A parcel of land situate in the NW1/4 of Section 18, Township 39 South Range 10, East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point on the South line of the N1/2 of the NW1/4 of Section 18 which bears North 89 degrees 59' 04" West 1301.29 feet from the Southeast corner of the NE1/4 of the SE1/4; thence North 0 degrees 14' 05" West, 416.51 feet; thence West 55.19 feet; thence along the arc of a 1191.20 foot Radius curve to the right 632.03 feet (long chord bears South 89 degrees 09' 08" West 624.64 feet); thence along the arc of a 111.93 foot Radius curve to the right 147.78 feet (long chord bears North 37 degrees 49' 26" West 137.28 feet); thence South on a line parallel to and 541.8 feet East of the West line of Section 18 to a point on the South line of the N1/2 of the NW1/4; thence South 89 degrees 59' 04" East along the South line of the N1/2 of the NW1/4 to the point of beginning, containing 6.48 acres, more or less.

PARCEL 3:

A tract of land in the NW1/4 of Section 18, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, and being more particularly described as follows:

Beginning at a point on the North boundary of above said Section 18, which point bears East 541.78 feet from the Northwest corner of said Section 18; thence South 183.91 feet to the most Northeasterly corner of Tract 1197, First Addition to Eternal Hills Memorial Gardens; thence following along the Easterly boundary of same on the following courses; South 607.44 feet; thence along the arc of a 111.93 foot radius curve to the left, 147.78 feet (long chord bears South 37 degrees 49' 26" East 137.28 feet); thence along the arc of a 1191.20 foot radius curve to the left, 632.03 feet (long chord bears North 89 degrees 09' 08" East, 624.64 feet); thence East 55.19 feet to the Easterly boundary of above said Tract 1197, First Addition to Eternal Hills Memorial Gardens; thence along same boundary projected North 0 degrees 14' 05" West 630.55 feet, thence West 50.00 feet; thence North 0 degrees 14' 05" West 260.00 feet, more or less to the North boundary of aforesaid Section 18; thence West along said boundary 710.31 feet to the point of beginning, containing approximately 15.26 acres; and excepting from the above described land the North 30.00 feet thereof for road purposes.

PARCEL 4:

A tract of land in the NW1/4 of the NW1/4 of Section 18, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, and being more particularly described as follows:

Beginning at an iron pipe at the intersection of the North boundary of above said Section 18 and the Easterly right of way boundary of the Klamath Falls-Merrill Highway (Hwy #39); thence East along the aforesaid North boundary of Section 18, a distance of 511.78 feet; thence South 183.91 feet to an iron pin marking the most Northeasterly corner of Tract 1197, First Addition to Eternal Hills Memorial Gardens; thence Westerly following along the most Northerly boundary of above said Gardens on the following courses: West 65.31 feet, South 46 degrees 07' 30" West, 33.51 feet, South 62 degrees 28' 00" West 53.17 feet, South 79 degrees 42' 00" West, 214.38 feet, and South 88 degrees 03' 00" West, 164.34 feet, more or less, to an iron pin on the Easterly right of way boundary of the Klamath Falls-Merrill Highway; thence North along same 275.64 feet to the point of beginning, containing 2.86 acres; more or less, and excepting from the above described land the North 30.00 feet thereof for road purposes.

PARCEL 5:

A parcel of land situated in the NW1/4 of the NW1/4 of Section 18, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point on the Easterly right of way boundary of the Klamath Falls-Merrill Highway which point bears South 683 feet and East 30 feet from the Section corner common to Sections 12, 13, 17 and 18; thence East 233.65 feet; thence North 21 degrees 30' West, 90.90 feet; thence North 13 degrees 21' West, 60.26 feet; thence North 60 degrees 11' East, 205.33 feet; thence South 60 degrees 44' 30" East 154.42 feet; thence North parallel with the Easterly right of way boundary of aforesaid highway a distance of 275.25 feet; thence North 56 degrees 28' West a distance of 79.42 feet to the Southerly right of way boundary of the Enterprise Irrigation District Canal; thence along said Enterprise Irrigation District Canal as follows: South 52 degrees 41' West 58.80 feet; South 79 degrees 42' West 225.74 feet and South 88 degrees 02' West 164.34 feet to the Easterly right of way boundary of the Klamath Falls-Merrill Highway; thence South along same a distance of 407.40 feet, more or less, to the point of beginning, containing 3.60 acres, more or less.

PARCEL 6:

The East 511.8 feet of the West 541.8 feet of the NW1/4 of the NW1/4 of Section 18 Township 39 South, Range 10, East of the Willamette Meridian, Klamath County, Oregon, lying Southerly of the North line of Tract 1197, First Addition to Eternal Hills Memorial Gardens, as filed in the Klamath County Clerks Office of Klamath County, Oregon.

EXCEPTING THEREFROM:

A parcel of land situated in the NW1/4 of the NW1/4 of Section 18, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point on the Easterly right of way boundary of the Klamath Falls-Merrill Highway which point bears South 683 feet and East 30 feet from the Section corner common to Sections 12, 13, 17 and 18; thence East 233.65 feet; thence North 21 degrees 30' West, 90.90 feet; thence North 13 degrees 21' West, 60.26 feet; thence North 60 degrees 11' East, 205.33 feet; thence South 60 degrees 44' 30" East 154.42 feet; thence North parallel with the Easterly right of way boundary of aforesaid highway a distance of 275.25 feet; thence North 56 degrees 28' West a distance of 79.42 feet to the Southerly right of way boundary of the Enterprise Irrigation District Canal; thence along said Enterprise Irrigation District Canal as follows: South 52 degrees 41' West 58.80 feet; South 79 degrees 42' West 225.74 feet and South 88 degrees 02' West 164.34 feet to the Easterly right of way boundary of the Klamath Falls-Merrill Highway; thence South along same a distance of 407.40 feet, more or less, to the point of beginning. (continued)

ALSO EXCEPTING THEREFROM:

A portion of that tract of land described in Volume 78, page 427, of Deed Records of Klamath County, Oregon, and being more particularly described as follows:

Beginning at the section corner common to Sections 12 and 13, Township 39 South, Range 9 East, and Sections 7 and 18, Township 39 South, Range 10, East of the Willamette Meridian, thence South 683.0 feet and East 30.0 feet to the most Northwesterly corner of that tract of land described in Volume 326, pages 622 and 624, thence East along the North boundary of same a distance of 346.8 feet to the Northeasterly corner thereof which is the true point of beginning of this description; thence continuing East along the aforesaid North boundary projected a distance of 140.0 feet, thence South parallel with the Easterly boundary of the aforesaid tract of land a distance of 340.0 feet, thence West 140.0 feet to the Easterly boundary aforesaid, thence North along same a distance of 340.0 feet more or less to the true point of beginning, containing 1.09 acres, more or less.

AND FURTHER EXCEPTING THEREFROM:

A portion of the that particular tract of land described in Volume 78, page 427, of Deed Records of Klamath County, Oregon, and being more particularly described as follows:

Beginning at a point on the Easterly right of way boundary of the Dalles-California Highway (Klamath Falls-Merrill Highway) which point bears South 683.0 feet and East 30 feet from the Section corner common to Sections 7 and 18, Township 39 South, Range 10 East of the Willamette Meridian, and Sections 12 and 13, Township 39 South, Range 9 East of the Willamette Meridian; thence East at right angles to the aforesaid highway right of way boundary, a distance of 346.8 feet; thence South parallel to the aforesaid highway right of way boundary, a distance of 627.4 feet; thence South 89 degrees 54' West, 346.8 feet, more or less, to the aforesaid right of way boundary of the Klamath Falls-Merrill Highway; thence North along said boundary 628.0 feet to the point of beginning, containing 5.0 acres, more or less, and being in the Northwest quarter of the Northwest quarter of Section 18, Township 39 South, Range 10 East of the Willamette Meridian, in Klamath County, Oregon.

PARCEL 7:

A portion of that tract of land described in Volume 78, page 427, of Deed Records of Klamath County, Oregon, and being more particularly described as follows:

Beginning at the section corner common to Sections 12 and 13, Township 39 South, Range 9 East, and Sections 7 and 18, Township 39 South, Range 10 East of the Willamette Meridian, thence South 683.0 feet and East 30.0 feet to the most Northwesterly corner of that tract of land described in Volume 326, pages 622 and 624, thence East along the North boundary of same a distance of 346.8 feet to the Northeasterly corner thereof which is the true point of beginning of this description; thence continuing East along the aforesaid North boundary projected a distance of 140.0 feet, thence South parallel with the Easterly boundary of the aforesaid tract of land a distance of 340.0 feet, thence West 140.0 feet to the Easterly boundary aforesaid, thence North along same a distance of 340.0 feet more or less to the true point of beginning, containing 1.09 acres, more or less.

PARCEL 8:

A portion of that particular tract of land described in Volume 78, page 427, of Deed Records of Klamath County, Oregon, and being more particularly described as follows:

Beginning at a point on the Easterly right of way boundary of the Dalles-California Highway (Klamath Falls-Merrill Highway) which point bears South 683.0 feet and East 30 feet from the Section corner common to Sections 7 and 18, Township 39 South, Range 10 East of the Willamette Meridian, and Sections 12 and 13, Township 39 South, Range 9 East of the Willamette Meridian; thence East at right angles to the aforesaid highway right of way boundary, a distance of 346.8 feet; thence South parallel to the aforesaid highway right of way boundary, a distance of 627.4 feet; thence South 89 degrees 54' West, 346.8 feet, more or less, to the aforesaid right of way boundary of the Klamath Falls-Merrill Highway; thence North along said boundary 628.0 feet to the point of beginning; containing 5.0 acres, more or less, and being in the Northwest quarter of the Northwest quarter of Section 18, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH : ss.

Filed for record at request of Mountain Title Co the 16th day
of May A.D., 19 95 at 3:49 o'clock P M., and duly recorded in Vol. M95,
of Mortgages on Page 12750.

Bernetha G. Letsch, County Clerk

FEE \$40.00

By Suzette Helms