

After recording return to:
FCS-Klamath Falls
P.O. Box 148
Klamath Falls, OR 97601

Customer/Note No. 40639-441

MTC 44443-KA
SUBORDINATION AGREEMENT

PARTIES AND INTERESTS.

Subordinator: Driscoll Strawberry Associates, Inc., Sublessee
345 Westridge Drive
Watsonville, CA 95076

Subordinator's Interest: Unrecorded sublease dated as of March 17, 1998, ("Sublease"), a memorandum of which was recorded May 11, 1998, in vol. M98, at page 15944, records of Klamath County, Oregon, between Driscoll Strawberry Associates, Inc., as Sublessee, and Sierra Cascade Nursery, Inc., as Sublessor

Subordinatee: Northwest Farm Credit Services, ACA
1700 South Assembly Street
P.O. Box 2515
Spokane, WA 99220-2515

Subordinatee's Interest: Deed of Trust dated June 10, 1998, and recorded on July 7, 1998, as Instrument No. 61557 records of Klamath County, Oregon ("Deed of Trust").

Subordinatee's Note: Note, executed by Borrower or Borrower's successor, dated June 10, 1998, in the principal amount of \$107,000.00, and any amendments thereto, secured by Subordinatee's Interest.

Borrower: Michael B. Russell and Donna J. Russell, husband and wife

AGREEMENT.

The property described in the above-referenced instruments creating Subordinatee's Interest is referred to as the "Property."

For good and valuable consideration, Subordinator subordinates its interest in the Property to Subordinatee's Interest and all advances or charges, if any, made or accruing under Subordinatee's Note, if any. This subordination also includes any extension, refinancing, reindexing, renewal, or renegotiation of Subordinatee's Note, if any.

Subordinatee hereby agrees:

(a) in the event that, through or in lieu of the exercise by Subordinatee of any of its remedies pursuant to the Deed of Trust or otherwise, Subordinatee shall not disturb Subordinator's use or occupancy of the premises covered by the Sublease (the "Premises") as long as Subordinator shall not be in default in the performance or observance of any term, covenant or condition hereof or the Sublease beyond any applicable grace or cure period therein; and

(b) at all times during the term of the Sublease and thereafter, Subordinator shall retain all ownership, title and property interests in and to all strawberry nursery plants planted on or in the Premises and all parts of such plants (including runners), all flowers, blossoms, tissue and pollen, fruit and seeds therefrom, all varieties of plants derived therefrom (including without limitation, all offspring, mutations and new varieties), and all proprietary rights pertaining to each of the foregoing (collectively, the "Plants"); and

(c) at any termination or expiration of the Sublease (by foreclosure, operation of law or otherwise) and for a period of one (1) year thereafter, Subordinator through its agents and employees shall have the right to enter the Premises and remove all Plants from the Premises, all at Subordinator's sole cost and expense.

In the event of any litigation hereunder, the court shall award costs and reasonable attorneys' fees to the prevailing party.

Subordinator acknowledges the opportunity to examine the terms of the documents pertaining to Subordinate's Interest.

The heirs, personal representatives, successors and assigns of Subordinator shall be bound by this Agreement. This Agreement shall inure to the benefit of Subordinate and its personal representatives, successors and assigns.

Dated: June 29, 1998

Driscoll Strawberry Associates, Inc.

By: [Signature]
Kenneth B. Moreno, President

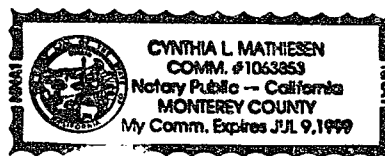
Attest: [Signature]
Clint Miller, Assistant Secretary

STATE OF CALIFORNIA)
)ss.
County of Santa Cruz)

On this 29th day of June, 1998, before me personally appeared Kenneth B. Moreno and Clint Miller, known to me to be the President and Assistant Secretary, respectively, of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and each on oath stated that he was authorized to execute said instrument.

NORENA
KBM

Cynthia L Mathiesen
Notary Public for the State of California
Residing at Monterey County
My commission expires July 9, 1999



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 7th day
of July A.D., 19 98 at 11:05 o'clock A. M., and duly recorded in Vol. M98
of Mortgages on Page 23838

FEE \$15.00

By [Signature] Bernetha G. Letsch, County Clerk